

THE WEATHER—PARIS Wednesday, weather  
overcast. Temp. 12°-16° C. Thursday, fair.  
LONDON Wednesday, showers. Temp. 5°-10° C.  
FRIDAY, Thursday, cloudy. Temp. 12°-16° C.  
NEW YORK Wednesday, snow. Temp. 1°-4° C.  
INTERNATIONAL WEATHER—CONTINUED PAGE

# Herald Tribune

INTERNATIONAL

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PARIS, WEDNESDAY, MARCH 1, 1978

Established 1887

## Spanish Army Delays Trial After 2 Mimes Flee; 4 Jailed

By James M. Markham

BARCELONA, Feb. 28 (NYT).—Waking themselves in the big, hot political flap since opposing the legalization of the Communist party a year ago, Spanish military authorities today abruptly "suspended" the trial of an "irreverent" Catalan mime troupe after two of the members reportedly fled the country.

Inside, the vast stone headquarters of the 20th June Regiment here, a uniformed spokesman told a surprised crowd of senior officers, defense lawyers and prominent Catalan deputies and senators that the colonel assigned to preside had postponed the trial, citing an article of the military code that covers absent defendants.

"We are being run over!" a defense lawyer, Jose Maria Lopez, protested loudly, arguing that four of the six defendants in the case had arrived in time for the 9 a.m. proceeding.

"By a truck you should all be run over!" retorted a straight-laced Lieutenant colonel. Another officer suggested anidly that the visiting lawyer should learn better manners.

This encounter was symptomatic of the latent civilian-military confrontation in the decision of Gen. Francisco Coloma Gallegos, the independent-minded

captain-general of Catalonia, to prosecute the Els Joglars mime company for "insulting the armed forces" in a skit that parodied Franco-era military justice.

**Flight to Freedom.**

Yesterday afternoon, Albert Boadella, director of the company, slipped out of police custody in a municipal hospital here to avoid today's trial. One of his actions, Ferran Riera, who had been on provisional liberty, also disappeared, and this evening both men were reported by sympathizers to be out of Spain, presumably in France. Mr. Boadella squeezed out of a small bathroom window, and Barcenes newspapers today carried detailed maps of his presumed escape route as well as accounts of the little director's athletic prowess—"elasticity, muscular control, body rhythm, etc." in the words of La Vanguardia's drama critic.

By freezing the case, Gen. Coloma successfully avoided a potentially embarrassing trial, which had been gaily criticized by Spanish politicians wary of offending the once all-powerful military establishment—and more forcefully by artists and intellectuals. It also permitted the indefinite jailing of the four defendants, three men and a woman, who did not flee. All four were locked up today in Barcelona over their lawyers' protests.

## Salisbury Admits Incursion

## Botswana Says 17 Die in Raid by Rhodesians

GABORONE, Botswana, Feb. 28 (AP)—Rhodesian troops on an inside Botswana yesterday killed 15 soldiers and two civilians and wounded eight soldiers, the Botswana government said today.

Vice-President Quett Masire had gone into Botswana.

The Kasungulu, a remote outpost in the intersection of the borders of Rhodesia, Botswana, Zambia and South-West Africa's Caprivi Strip, would force Botswana to reconsider its approach to the Rhodesian problem.

Botswana is the only black nation bordering Rhodesia that has not declared itself in a "state of war" with the white-ruled rebel colony, and has not officially permitted Rhodesian guerrillas to operate from inside its borders.

In Salisbury, the military command confirmed that its troops fighting Botswana troops, they command said, its forces were in pursuit of a band of black nationalist guerrillas who had attacked a Rhodesian patrol inside Rhodesia.

Late yesterday, the Rhodesians clashed with "the terrorist group aided by elements of the Botswana defense force," the communiqué said. As soon as the troops realized they were fighting Botswana troops, the allied heads, the command said.

Mr. Masire, however, insisted that the Botswana troops had found no "freedom fighters" in the area, and he called the clash a "brutal and unprovoked attack."

"This is an act of an insane regime which is purporting to negotiate a peaceful settlement in Salisbury while its agents are massacring nationals of neighboring countries in those countries," he declared.

Mr. Masire said that about 30 troops were dispatched to Kazimulu yesterday to check on reports of Rhodesian troops in the area. They found none, but on their way back "they were ambushed by members of the Rhodesian security forces," he said.

All three Botswana Army vehicles were destroyed. The survivors trekked back to Kazimulu on foot.

Neither side claimed any Rhodesian casualties.

The clash was believed to be the fifth along the Rhodesian-Botswana border since the guer-

illa war broke out five years ago.

Although Botswana has insisted that it does not provide bases for Rhodesian black nationalist guerrillas, Rhodesia has maintained that the country has been used as a launching pad for more than a year by guerrillas of Zambia-based insurgents led by Joshua Nkomo.

Botswana has become a major goal of thousands of Rhodesian refugees fleeing fighting in western Rhodesia. As many as 1,000 a month flood into Botswana across the 400-mile semi-desert frontier.

The Botswana defense force was created only last year in the face of reported cross-border raids by Rhodesia. It now numbers about 500.

Gen. Coloma was army minister at the time of Che's execution.

**At Deadlocked Parley**

**West Proposes a Final Text**

**At Belgrade Ignoring Rights**

BELGRADE, Feb. 28 (Reuters).—

The West today presented a relatively brief document as a proposed final declaration by the deadlocked European Security Conference, apparently abandoning hope of reaching agreement on human rights pledges.

The two-page draft, circulated informally to all delegations at the 35-nation gathering, made no direct reference to human rights or other humanitarian issues.

It said consensus was not reached on various new proposals submitted to the meeting, already running two weeks behind schedule.

**Right Wing Balks**

## Andreotti Party in Disarray Over Deal With Communists

ROME, Feb. 28 (Reuters).—

Premier-designate Giulio Andreotti's Christian Democratic party was shaken by dissent today in a debate over whether it should form a parliamentary pact with the Communists.

At the start of the second day of a special session of Christian Democratic senators and deputies, many speakers criticised the proposed deal with the Communists.

Mr. Andreotti, trying to form

a new minority Christian Demo-

cratic government with five other parties, urged his party last night to back an emergency parliamentary pact with the Communists.

But hardline anti-Communists circulated a draft resolution that called for an "explicit rejection of a political majority proposed by the Communists."

**Replacement Charged**

The debate led to charges that a group within the Christian Democratic party was trying to replace Mr. Andreotti—possibly with Foreign Minister Arnaldo Forlani.

Several Christian Democrats said Mr. Andreotti was supported by a majority in the party, which believes that the only alternative to the pact is an early general election that might not change the situation.

Mr. Andreotti's rejection of Communist demands for cabinet posts in an emergency government started Italy's 43-year-old political crisis, but he has offered a compromise which would give the Communists greater influence in government decisions.

He proposed that the Christian Democrats, Communists and four other parties work out a limited program, give a new minority Christian Democratic government their vote of confidence and form a committee to monitor the cabinet's performance.

**Rights Issue Raised**

Meanwhile, four Western scientists said today in documents presented to delegates that the Soviet government constantly violates the human rights and freedom to work of its scientists.

The four, including French Prof. Andre Lwoff, a Nobel Prize-



"Dangerous social element" Roberto Mander at home on the striking island of Linosa.

United Press International

## Use of Italian Isle for Exile Is Protested

ISLE OF LINOSA, Italy, Feb. 28 (Reuters).—Shops, the local school and offices on this Mediterranean island were shut down as its 400 inhabitants went on a one-day strike to protest the government's exiling here of a leftist student.

The islanders also prevented passengers from getting off the ferry from Sicily.

"We want Rome to understand that they cannot use this island as a dumping place for political prisoners," Mayor Salvatore La Russa said.

Roberto Mander, 26, a Rome student suspected of being a leading anarchist, arrived here

on a one-day strike to protest the government's exiling here of a leftist student.

**Other Exiles**

He was condemned to a year's exile under a law which allows authorities to banish "persons dangerous to public order" to remote parts of the country without trial.

**Islanders**

The islanders want to open their island to tourism. "But who would come if this place is to be turned into a political internment camp?" the mayor asked.

**Mander**

Mr. Mander, who has been given a policeman's room in the municipal hall, said, "It is a hard life. I am living off eggs and tomatoes because nobody wants to cook for me. I do understand the people very well, but I cannot help them. Injustice is everywhere."

"I accepted banishment not

in order to avoid being arrested but to demonstrate what a ridiculous law this is," he added.

**Publisher Denies Revisions**

## Nixon Book's Frost Is No TV Star

By Herbert Mitgang

NEW YORK, Feb. 28 (NYT).—

David Frost is a 41-year-old, bearded, bespectacled chief copy editor at the New York publishing house of Grossman and Dunlap. He is highly regarded by his colleagues for his accuracy and modesty. His job is to work on other people's books, anonymously. His name is rarely known to the writers of the books whose grammar, phrasing, inconsistencies and facts he checks and corrects.

David Frost's name never gets into the gossip columns, is never tapped out over the national wire services, is never heard over the airwaves. He is a bachelor who lives in Brooklyn, is a lively chap around the office and will go anywhere to see and hear open sessions.

Yesterday, his name made

headlines in a New York newspaper. David Frost had finally achieved his moment of glory in the sunshine of journalism.

The real David Frost of Brooklyn was mixed up with someone bearing the same name who is a transatlantic jet-setter, entrepreneur and television business colleague of Richard Nixon, the real former president. It practically

ago and I'm in daily touch with our editors in San Clemente and there is no movement to do any revising," Robert Merkin, editor in chief of Grossman and Dunlap, said. "Even though there were reports before his book came out that Haldeman had named a 'Deep Throat' and blamed Nixon for the tape eavesdropping, Mr. Nixon said he saw no reason to make changes in his own book."

**Haldeman Book Unread**

Jack Brennan, Mr. Nixon's spokesman, said, according to UPI: "We haven't read Bob Haldeman's book and have not changed one word in President

(Continued on Page 2, Col. 4)

killed the Brooklyn Frost's working day because everybody was calling to tell him what he had long known—that his name was David, too.

**Front-Page Report**

The problem was caused by a report on the front page of the New York newspaper The Trib yesterday. The tabloid's publisher, Leonard Goldstein, and its communications editor, Lemmy Johnstone, wrote that the television producer, David Frost, had been enlisted as part of a new team in San Clemente, Calif., to rewrite Mr. Nixon's book.

But, according to Grossman and Dunlap executives, no revisions are being made in the former president's memoirs as a result of the publication of H.R. Haldeman's "The Ends of Power" or of British David Frost's book about his television broadcasts with Mr. Nixon, "I Gave Them a Sword." "I spoke to Mr. Nixon two weeks

ago," Mr. Frost said.

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## Provoked by Deaths of Commandos on Cyprus

By Christopher S. Wren

CAIRO, Feb. 28 (NYT).—It is time to forget about the Palestinians and their cause," said Sayed Fouad, a 38-year-old Cairene, the other day. "If they are able to kill people, why won't they go and free their own lands?"

It was a sentiment prevalent

among Egyptians after the con-

flict between the Israelis and the

Palestinians ended up fighting

alongside Cypriot troops in the

battle at Larnaca Airport nine

days ago in which 15 Egyptian

commandos were killed.

The anti-Palestinian sentiment

has risen visibly since Mr. Sadat

undertook his mission to Israel

**Last Major U.S.-Hungarian Dispute****U.S. Begins Talks in Budapest Over Special Trade Status**

BUDAPEST, Feb. 28 (Reuters).—The United States has begun talks with Hungary on a comprehensive trade package of a kind still denied to Moscow.

Experts from the U.S. Department of State and Commerce have been meeting here with officials from the Hungarian Foreign Ministry to assess the chances of giving Budapest most-favored-nation status.

The talks are within the framework of a new Washington policy of dealing with Communist nations separately rather than as a united bloc.

The United States has granted most-favored-nation status—which gives foreign countries easier access to U.S. markets—to only three Communist states: Poland, Romania and Yugoslavia.

Granting the same trading advantage to Hungary would end the only serious dispute remaining.

**Senghor Winner In Senegalese Presidential Vote**

PARIS, Feb. 28 (UPI).—President Leopold Senghor was reelected this week in Senegal in the first multiparty elections there in 12 years, according to press and diplomatic reports here.

Mr. Senghor's United Socialist party won at least 80 per cent of the 1.5 million votes and is assured of a majority in the 100-seat parliament.

However, proportional representation assures that the two other legal parties, the center-right Senegalese Democratic party and the Marxist-Leninist African Independence party, will get some representation.

Mr. Senghor, 71, a poet and popularizer of "negritude," his word for black self-awareness, easily defeated the only other candidate for president, Abdou Wade, head of the Democra-

catic party between Budapest and Washington, now that the United States has returned the crown of St. Stephen to Hungary.

However, the negotiations are complicated by a 1974 U.S. trade act amended by Congress to bar special trade status and financial credits to countries that restrict emigration.

Apart from Romania, Soviet-bloc states followed Moscow's lead in refusing to guarantee unrestricted emigration in exchange for lower customs duties and more relaxed quotas as offered by the most-favored-nation privilege.

In fact, Hungary's emigration policy has proved to be among the most liberal in Eastern Europe. But Budapest, which unlike Bucharest closely follows Moscow in foreign affairs, has refused to make the required pledges.

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The Hungarians argue that such a declaration would violate their own laws on emigration.

U.S. diplomats say that the first round of the talks here are being devoted largely to the problem of accommodating Hungary within the restriction of the trade bill. "We are talking to see where we stand," a diplomat said. "Agreement on a formula giving Hungary most-favored-nation status on terms acceptable to both sides will be a matter of months, not weeks."

**No Endorsement**

Neither side is showing much enthusiasm in the discussions so far, according to participants.

While acknowledging that the deal would stimulate trade—which rose 4.4 per cent last year to top \$122 million in total turnover—the negotiators realize that sales can be expanded without a new agreement.

**So why bother with the talks?**

For the Hungarians, it would mean a trade advantage over the Russians. The Americans could use it to mark their support for the more liberal policies of Hungarian Foreign Minister official, "does not make our life easier."

"Sure we want (the special status) but not at any price," he added. "There is still a growing demand for our goods in the United States, even if they are expensive because of high American tariffs."

The U.S. government also has reservations about pressing ahead with the negotiations.

"Congress is just not ready yet to act on (H.R. 11), said a U.S. official, noting that the Senate would have to approve a trade treaty with Hungary.

He recalled that several members of Congress went to court to prevent President Carter from returning St. Stephen's crown and its accompanying regalia.

The crown was given to U.S. forces during the closing months of World War II and had been stored at Fort Knox.

Secretary of State Cyrus Vance formally restored the crown—venerated here as the symbol of Hungary's nationhood—in a ceremony on Jan. 6.

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**AFRICA MOVES**—Apartheid seems to be fading into a sea of different-colored faces on a bus in Cape Town. After years of total segregation, integration of blacks, coloreds and whites on practically all bus lines in the city is a generally accepted reality. However, a few all-white buses still operate on some routes.

**Special Rifle, Laser Sight Stolen in U.K.**

LONDON, Feb. 28 (Reuters).—A special rifle, equipped with a laser-beam sight developed for anti-terrorist use, has been stolen from an exhibition at the London Science Museum, Scotland Yard, said today.

The police said that the gun could not be made to fire, but the laser sight could be fitted to another rifle, making it extraordinarily accurate.

The sight is worth about £1,200 (about \$2,300). A spokesman for the company which makes the sight, Scientifics and Cook of London, said: "It's frightening to think what someone capable of stealing the sight from the exhibition has in mind for its use."

**Witness Tells Cyprus Court Palestinians Cited Murder Aim**

NICOSIA, Feb. 28.—One of two Israeli gunmen charged with murder admitted killing Youseff Sebai, a prominent Egyptian newspaper editor, "because he was a friend of Israel," a witness told a Nicosia court of inquest today.

"We are Palestinians. We came specially for that man, to kill him, because he was a friend of Israel and wrote some articles in his newspaper against the Palestinians," Georgios Georgiou, a Greek-Cypriot policeman, quoted as saying.

Mr. Georgiou told the court

**Nixon's Frost No TV Star**

(Continued from Page 1)  
Nixon's book because of what he has written," Mr. Brennan added that the David Frost helping to edit the manuscript was not the David Frost who interviewed Mr. Nixon on television.

Television's David Frost was reported to be Australian.

"San Clemente insiders," according to the Tribune story, had "confirmed" their "exclusive" that David Frost and a Nancy Brooks were there in the guise of "copy editors."

Mr. Saffir was asked if there was a correction of the mistake in identity. "Who says we made an error?" he asked. Informed that Grosset and Dunlap executives had said so, Mr. Saffir said: "Oh."

The Tribune also said that Frost's involvement with the Nixon book came as a complete surprise to many in the publishing field.

It certainly did. And among the surprised were Mr. Markel and Harold Roth, president of Grosset and Dunlap, which is scheduled to publish the hard-cover version of the Nixon book May 15. The book has been cut from 1,15 million to 480,000 words and is now getting a final going-over in San Clemente from Nancy Brooks, a free-lance copy editor from Houston, Texas, and David Frost, a full-time copy editor from Brooklyn, N.Y.

"It's a case of mistaken identity," Mr. Markel said. "Our David Frost has been out there for months, doing his copy editing."

"Our David Frost is a nice, quiet guy who would, as my grandmother would say, qualify if a microphone was ever put in front of him," Mr. Roth said. ("Qualify means "lair" in Yiddish.) "But the whole mixup won't hurt us when we go to sell the book. It's \$19.95 retail."

Defected Last Month

Mr. Donais left his military post in Ethiopia's southern Bale region last month and defected to Kenya on Jan. 25.

A Kenyan police official said that Mr. Donais' request for asylum was being considered and a decision is expected soon.

"I am here and I left Somalia because I am in power, while I hope will not be very long," Mr. Donais said.

Mr. Donais said that he was summoned to Mogadishu, including Mr. Siad Barre, believed that he had sympathies with the Rome group, which, he said, is known as the Somali Democratic Front.

He insisted that he had remained loyal to Mr. Siad Barre until his recall. He said, however, that he would now join the Somali exiles working against the government if its support is solicited.

"I wish them the best of luck," he said.

**Anti-Palestinian Sentiment on Upsurge in Egypt After Clash**

(Continued from Page 1)  
Larnaca, public outrage was directed more at the two Palestinian terrorists who killed Mr. Sebai than at the Cypriot National Guardsmen.

The upsurge in anti-Palestinian feeling has encouraged prejudice against the 30,000 Palestinians living in Egypt.

A Cairo taxi driver named Yang talked last week about local Palestinian shopkeepers who "make fortunes and, while they take our money and get rich, their brothers kid Egyptians in Cyprus."

A 23-year-old man in a beauty parlor contended that Palestinians were being admitted to Egyptian universities with better grades than Egyptian students needed. Nagwa Mihsen complained about Palestinian taxi drivers in her neighborhood who supposedly tried to raise their fares by 40 per cent "but the Egyptians refused to pay them."

Dalya Osman, a young housewife, reported that a friend had married a Palestinian, only to discover a year later that he already had a wife and five children. "That's the kind of Palestinians I got to know, and for that and for their behavior against Egypt, I hate them all," she said.

The strains between Cairo and the PLO have already become evident. On Friday PLO leader Yasir Arafat attacked Mr. Sadat directly for the first time since the Egyptian leader's trip to Israel, charging him with inciting hatred against the Palestinians in

**Lebanon and Syria Hold Security Talks**

B EIRUT, Feb. 28 (UPI).—Lebanese Foreign Minister Fuad Butros left today for Damascus for official talks with Syrian leaders.

The talks were expected,

and the PLO have already become evident. On Friday PLO leader Yasir Arafat attacked Mr. Sadat directly for the first time since the Egyptian leader's trip to Israel, charging him with inciting hatred against the Palestinians in

**Egypt Aides Not Optimistic on Atherton Effort**

Cairo, Feb. 28 (NYT).—Egyptian officials have generally concluded that there is virtually no chance of agreement on a crucial declaration of peace principles with Israel before Prime Minister Menachem Begin's visit to Washington in two weeks to confer with President Carter.

**Begin Talk With Carter Seen Major Factor**

of principles, but "I'm not hopeful he can achieve it. If Begin is making any compromise, he is not going to make it to Atherton. He will wait and do it with Carter."

**Further Complicated**

Mr. Atherton's mission has been

further complicated by the re-

summons that Israel and

Egypt have stated very clearly

that establishing the settle-

ments is an obstruction to peace.

Even though we are now

actually negotiating peace,

the Israeli Cabinet has chosen this moment to confirm maintaining Jewish settlements on occupied

Arab land. The issue has been

sensitive for Cairo because some

of the settlements are in

the northeastern part of the Sinai,

which Egypt wants returned.

Mr. Atherton said that the de-

velopment had come in his talk

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The decision of the Israeli

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&lt;p

Inflation Increase Feared

## Weekend Voting Will Decide Coal-Strike Settlement in U.S.

By Helen Dewar and Art Pine

WASHINGTON, Feb. 28 (UPI)—Officials of both sides in the proposed coal-strike settlement returned here for briefings yesterday in preparation for a final round of selling by union officials before this weekend's vote by 100,000 strikers.

The two groups met separately, one after the other, using the same room in a hotel. As expected, there were few clues to the outcome of this weekend's vote. The companies are expected to accept the settlement; union officials remained cautious.

Kentucky Gov. Julian Carroll, who played a key role in the talks, said that ratification of the contract now was "in jeopardy." Gov. Carroll said he hoped union leaders would be able to sell the pact, but said right now it had a "50-50 chance."

**Anti-inflation Effort**

The developments occurred as the White House-negotiated settlement was criticized as being likely to undermine the administration's anti-inflation effort.

Although the miners' contract traditionally does not influence wage settlements in other industries, analysts both in and outside the administration expressed fears that President Carter's special attention to the miners may prompt

### Russia, Japan Seeking to Kill Sea Mammals

WASHINGTON, Feb. 28 (UPI)—Japanese and Soviet fishermen want permission to kill more than 3,000 protected marine mammals in U.S. waters of the Beaufort Sea off Alaska, Commerce Department officials said today. Three Japanese fishing associations asked in November for permission to kill 1,010 animals in the sea lion and seal category and 1,100 other animals in the category of dolphins and whales, the officials said. The Russians, in Feb. 28 request, sought permission to kill 1,507 seals and sea lions and 1,507 seals in the dolphin category.

The Japanese have been criticized recently by environmentalists worldwide for rounding up and slaughtering 1,000 dolphins in Iri Island. "The permit would apply to marine mammals which accidentally get caught in the nets or would allow the shooting of those animals which persist in chewing on the nets or catch," said Doug Beach, a Commerce Department biologist.

**Genscher Sees Nyerere**

DAB ES SALAAM, Feb. 28 (UPI)—West German Foreign Minister Hans-Dietrich Genscher conferred for three hours yesterday with Tanzanian President Julius Nyerere on African conflicts, including the Somaliland-Ethiopian war in the Horn of Africa.



SURPRISE STOP—A Boston patrolman tries to calm his mount after it fell in a snow-covered hole in the Boston Public Gardens. The fire department came to the rescue of the 8-year-old stallion and police later said it was in "stable condition."

1,500 Persons Evacuated in Florida

## Harmful Gases Slow Train Wreck Cleanup

By Jeff Prugh

YOUNGSTOWN, Feb. 28.

Following the chlorine and propane gas accidents here and in Tennessee, salvage crews and firefighters yesterday began sifting through the wreckage of a 102-car train that contains what an expert called "the damned accumulation of hazardous fuels you ever saw."

It is painstaking, dangerous work. Authorities have evacuated 1,500 persons indefinitely from the area in the Florida Panhandle. About 100 specialists, some from Louisiana, Illinois and Canada, have been called in to empty a 30,000-gallon tanker that spewed poisonously chlorine gas Sunday, killing 9 persons and injuring 88.

Even then, the job will be only half complete. A propane-filled tank car, like the one that exploded and killed 12 persons last weekend in Waverly, Tenn., has a minor leak and is entangled among four box cars.

On Sunday in Milan, Tenn., 50 miles from Waverly, three railroad tankers loaded with propane gas and caustic soda derailed. No injuries were reported in that accident, and residents were allowed to return to their homes after being briefly evacuated.

"It looks like a bowl of spaghetti," said Don Tullis, a Jack-

sonville Fire Department expert of the Youngstown wreckage.

The clean-up crews, including some workers who came from Waverly, plan to defuse the chlorine tanker by towing it 100 yards and pushing it into a 10-foot-deep pit of water and caustic soda emptied from other wrecked tankers. Caustic soda neutralizes chlorine.

Near the chlorine tanker is a 14,000-gallon tanker filled with flammable turpentine, but that car is reportedly stable. Another derailed car contains ammonium nitrate, a chemical used in explosives.

The work stopped yesterday afternoon for lack of a special pump and pipeline to fill the pit into which the chlorine tanker is to be placed. It was to have been resumed this morning.

### Doing It Right

"We're not going to be looking at our watches," Mr. Tullis said. "We're going to do this very carefully and make sure it's right."

It may not be until tomorrow, Mr. Tullis said, that the special will be able to deal with the propane tanker. They have not decided, he said, whether to empty the propane car before unhooking it from the other cars.

"The LP [liquid propane] gas is not the problem that the chlorine

car is," Mr. Tullis said. "The chlorine car is still dripping and vapors are getting loose."

Some of those vapors hampered workers yesterday. One was treated for skin burns; another because his lungs were burning.

Investigators from the FBI and the National Transportation Safety Board said that they had not determined the cause of Sunday's derailment.

### Survivors Report

Some survivors told of having seen motorists stagger to their deaths after the cloud of gas had driven them from their cars.

Donald Siler, 27, and his wife, Judi, 24, of Tallahassee, Fla., fled their car when its engine stalled for lack of oxygen. They were nearly overcome but reached a pay telephone to call for help. They are in fair condition in a hospital.

Franklin Stewart, 27, a Bay County sheriff's deputy, said that he became nauseated when he was taking gas masks and oxygen equipment to other rescue workers.

"My oxygen ran out," Mr. Stewart said. "I gasped for air and waded through a swamp. I was blacking out over and over. I asked for my partner's oxygen, and that helped me get back to our car. Believe me, the Lord saved us."

© Los Angeles Times.

GENEVA, Feb. 28 (UPI)—The UN Human Rights Commission met today to discuss violations of human rights in at least five countries after three weeks of public debate on its three usual topics—Chile, Israel and South Africa.

U.S. delegate Edward Mervin said that he was hopeful that "for the first time a public statement will be made and action will be taken." Among the countries that will be discussed in a series of closed meetings are Bolivia, Ecuador, Guinea, Ethiopia, Uganda and Uruguay, a Western delegate said.

## Widespread Hazard in U.S.

Dangers for Grain-Elevator Workers Cited

By William Robbins

NEW ORLEANS, Feb. 28 (NYT).

—Employees in many of the nation's thousands of grain elevators face twin threats of sudden death from fiery explosions or lingering illnesses, according to workers in four states, industry experts and investigative officials.

And while grain elevators are considered hazardous under the best conditions, unnecessary dangers persist, the observers say, because many employers have been slow to install safety equipment or adhere to safety procedures.

Both hazards remain widespread even though some companies stepped up their safety efforts after two explosions took 34 lives on the Gulf Coast in December, said workers in Louisiana, Minnesota, Texas and Wisconsin, four states through which much of the country's grain is moved for export.

Grain inspectors, investigative officials and experts in and out of the industry generally agreed.

"They call it the 'elevator laugh,'" said Henry Bobbin, a longtime grain worker in the New Orleans area, referring to a cough that plagues those who labor in clouds of grain dust in the elevators—the same dust that is the principal element in the explosions. The "laugh" in many cases is a precursor of lung ailments such as emphysema.

### Breathing Difficult

"I ain't got much breath left," said James McDonough, 54, who has worked for 31 years in elevators around Superior, Wis. "I can't breathe very well, my lungs are shot."

Investigators from the FBI and the National Transportation Safety Board said that they had not determined the cause of Sunday's derailment.

That was one of the two Gulf Coast explosions that attracted national attention in the Christmas season. Eighteen persons were killed in Galveston and 36 in the explosion at Westwego, La.

The society is planning a weeklong campaign for next year.

Co., which operated the Galveston elevator, had willfully violated safety standards. A report on the Louisiana explosion is pending.

Mr. Marquer and most of the other workers interviewed said that some companies and supervisors had a cavalier attitude toward potentially explosive concentrations of grain dust and sources of ignition. They also described the respiratory complaints among grain employees—each cited former co-workers who had developed emphysema.

The core of the health and safety problems is the dust that emanates from the grain and rises in clouds whenever the grain is moved. At certain mixtures with air and under the right conditions of humidity, it is highly explosive, needing only a chance spark to set it off.

In the last 20 years, there have been more than 140 grain-dust explosions, many of which caused deaths. In the same period, there were thousands of explosions and fires that were described as minor.

There are no precise figures. Elevators at ports, where grain from the interior is stored in silos and then moved into vessels by conveyor belts, bucket lifts and spouts, are considered the most hazardous, partly because of intense pressure to keep grain moving. Any shutdown to correct a safety problem or clean up hazardous dust can cost thousands of dollars.

on the size of the industry, but an expert, Prof. Richard Ginnold of the University of Wisconsin, has estimated that there are 225,000 grain workers in hundreds of port and rail-terminal elevators, thousands of feed mills and more than 10,000 smaller elevators. Robert Hubbard, a vice-president and safety specialist of Cargill, Inc., one of the country's largest grain companies, recently put the number of elevators at more than 14,000.

Four recent medical studies, Prof. Ginnold said, found above-normal prevalence of lung problems among grain workers. In one of these, University of Wisconsin medical researchers tested 305 grain employees from the twinports area of Duluth and Superior in 1974. They found that "there was a highly significant incidence of airways (respiratory system) disease—59 per cent."

The safety and health hazards are said to increase with the volume and activity in an elevator, with other variations according to the quality of safety equipment and procedures.

Elevators at ports, where grain

from the interior is stored in silos and then moved into vessels by conveyor belts, bucket lifts and spouts, are considered the most hazardous, partly because of intense pressure to keep grain moving. Any shutdown to correct a safety problem or clean up hazardous dust can cost thousands of dollars.

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## Change and Ironies in Integrated S. Carolina

By Jim Hoagland

ORANGEBURG, S. C., Feb. 28 (UPI)—Ten years ago, Harry Floyd slammed the door of his segregated All Star Family Fun Center and Bowling Alley in the face of a young black student named John Stroman and sparked a series of demonstrations that ended with the gunning down of three black students by white state troopers.

This month, on the 10th anniversary of what came to be called the "Orangeburg massacre," Mr. Stroman stood in the same alley and sent his last ball spinning into the strike he needed for the highest score of his lifetime. A broad smile spread across his face as he called out the 270 total: "O' Harry Floyd is all right."

One of the results of that

Mr. Stroman said later. "He has changed his whole view, you know."

Shoehorned into a tiny shopping center two blocks from this dusty farming town's Confederate war memorial, Mr. Floyd's fun center is decked with autographed photos of aging professional bowlers who pass through on tours. It also now has blinking electronic games to appeal to a younger generation. It is, in short, a totally incongruous symbol of racial reconciliation for a never South.

But in the decade that has passed since that spasm of violence, a wave of change has swept across the South and pulled Orangeburg, the bowling alley, Mr. Stroman and Mr. Floyd with it.

"O' Harry Floyd is all right."

change would not have been easily predictable for outsiders, but does not shock Southerners who know their irony-laced racial history. Mr. Stroman, the nominal black victor in the struggle over integrating the alley, has reaped bitter fruits from his labors, while Mr. Floyd, its reaping profits,

There are broader ironies in this story about Orangeburg, which intends only to offer glimpes into the passage through the civil rights era by some of the key participants in the 1968 struggle here. It is a passage that has not been uniformly smooth, and which is still far from complete, but which nonetheless mirrors remarkable change in a short time.

A new generation of black students has come to the campus of South Carolina State College, where the killings actually occurred. They continue to honor the fallen students as martyrs, but for many of them change has been so drastic that the original cause of the protests seems distant and hard to understand.

"That just would not happen today," said Kelley Edwards, vice-president of the college's student government, who was 11 at the time of the shootings. "People of my generation would just ignore such a towing-away. Too many things are open to blacks now to worry about the ignorance of one individual."

As the campus marked the anniversary with a memorial service, a group of black and white teenagers casually sat around the same table at a local Burger King and swapped complaints about the teachers in their fully integrated high school.

**Memories Too Fresh**

For an older generation of black educators, "Orangeburg" added greatly to the existing ambivalence in their positions, which required finely honed survival tactics in navigating between enraged black student bodies and suspicious white power establishments that held the power strings. For them, the horror and the direct threat that the tumult represented for their hard-won positions is still too fresh.

"I go to educational meetings and there will be always be some one there who says 'South Carolina State is out there, that's where those students were shot.' It is tragic they do not know that South Carolina State is much more," said Maece Nance, acting president of the campus at the time of the killings and its president today. The school's student body is now 6 per cent white.

Integration has brought Mr. Nance a budding business career as well as confirmation as head of the college. But integration has also cut down many of the black teachers and professionals in the state educational system, a result that not only saddens Mr. Nance but also in his view presents a threat for the future of the South.

The man who started the confrontation, John Stroman, is now



Associated Press

MUSEUM PIECE—With a law, effective today, banning tobacco advertising in Finland, this neon sign for Kluub cigarettes, once gracing a Helsinki street, has become obsolete and part of history. It is on its way to the Finnish National Museum.

### But Analysts Are Skeptical

## Method Claimed to Guard A-Fuel From Arms

By Robert Gillette

LOS ANGELES, Feb. 28—Nuclear industry researchers from the United States and Britain reported yesterday that they have devised a "dramatically new" way of fabricating nuclear fuel from plutonium that they said would prevent terrorists and governments alike from diverting it to atomic weapons.

By leaving large amounts of radioactive waste products in plutonium-based fuels, the researchers said that governments would need at least months to extract the plutonium for use in weapons, during which time other nations could detect such a diversion.

Government and independent analysts contacted by the Los Angeles Times urged that the industry's claims about the process be treated cautiously, however.

The possibility that some nations might easily and quickly convert purified plutonium-stocked ostensibly for civilian use to atomic weapons led President Carter last year to urge the world not to proceed with commercial development of plutonium technology until steps could be taken to safeguard nuclear fuels.

Worldwide adoption of the new fuel process—dubbed "civex" in reference to its civilian rather than military applications—would be a major departure in nuclear-development strategies that many countries have pursued during the last 20 years.

### Without Fear

But the process would have the benefit, its proponents contend, of enabling industrialized and developing nations alike to build plutonium breeder reactors without fear that the technology also would give many countries access to atomic weapons.

Moreover, experience has shown that intensely radioactive nuclear fuel can be handled safely and conveniently by remotely controlled equipment, the researchers said.

"If we're right, and if we're listened to, this changes completely the arguments about where we go with nuclear power," Dr. Charles Starr, president of the Electric Power Research Institute, said in an interview. "It becomes entirely desirable to push the breeder."

The Electric Power Research Institute is the research arm of the U.S. utility industry. With headquarters in Palo Alto, Calif., it operates with an annual budget of \$100 million.

Dr. Starr and Dr. Walter Marshall, the deputy chairman of Britain's Atomic Energy Authority, described the civex process

publicly for the first time yesterday at an international energy technology meeting in Washington. They said that the process would take about 10 years to develop fully.

### Praise and Skepticism

Arms-control analysts tended familiar with the concept, both in the Carter administration and outside the government, reacted with a mixture of praise and skepticism—praise for what they said was evidence of new interest on industry's part in the problem of nuclear proliferation, and skepticism that the civex process is as fail-safe as claimed.

"I'd be extremely cautious in drawing any conclusions at this point," said a chemical engineer with the Arms Control and Disarmament Agency, who pointed to several potential weaknesses in the process.

Similarly, Dr. Albert Wohlstetter, a strategic analyst with the University of Chicago, whose thinking has influenced the Carter administration's nuclear policies, said, "This is a very important step for the industry toward recognizing the realities of proliferation. They're trying [to find solutions], though I don't think this does it."

### Prayer Breakups

Two government authorities on proliferation questions, contacted by the Times, were particularly skeptical of Dr. Starr and Dr. Marshall's claim that a civex fuel plant could not easily be modified to produce pure plutonium for weapons.

"I wouldn't make a dumb statement like it could be done in half an hour, but it probably could be done in a reasonably short time if the proper utility hookups were available," said an engineer who asked not to be identified.

Arms-control analysts tended to be skeptical on two grounds.

First, that the civex process would convey to a large number of countries basic plutonium-handling technology they could use for an overt nuclear weapons program, if it seemed that the resulting international outcry were worth the trouble.

Second, several experts said it seemed possible that pure, weapons-grade plutonium could be drawn surreptitiously from a civex plant with small modifications.

A chemical engineer said that half a dozen devices called mixers-settlers, each the size of a small office desk, might be moved into a plant quickly or even built into the walls covertly. "With very little effort," he said, "I think you could pull out weapons-grade materials."

Although a press release about yesterday's news conference described development of the civex process as a "joint British and United States initiative," Dr. Starr acknowledged that neither government has endorsed the idea.

## Strike Called In Building In Nicaragua

Death Toll in Violence At 13, With 70 Injured

MANAGUA, Feb. 28 (AP)—Nicaragua's 2,000 construction workers today announced a one-day strike for tomorrow as tension and violence continued following a new refusal by President Anastasio Somoza to resign before his term ends.

Thirteen persons, including a National Guard sergeant, have been killed and more than 70 wounded in three days of gun battles between leftist guerrillas and guardmen. Rioting and demonstrations have broken out in half a dozen cities.

A spokesman for the General Confederation of Labor said the construction strike was intended to protest brutality by the National Guard in putting down the disturbance.

He said the strike was scheduled for 24 hours but may continue for more time "depending on how developments occur." He also said a number of businesses and industries may join the strike.

### Students Leave Campus

More than 500 trapped students were allowed to leave the University of Nicaragua campus last night after a confrontation with the National Guard, the nation's army.

Three students and a professor were killed and two persons injured at the campus.

Prof. Eric Landon said the guard allowed the students to leave. Earlier, the guard fired submachine guns and rifles at students who marched off the campus demanding Gen. Somoza's resignation.

Gen. Somoza said Sunday he will not relinquish power until his term expires in 1981. The President whose family has ruled since the U.S. Marines handed over power in the 1930s to his father, promised that a select committee would investigate the Jan. 10 slaying of political foe Pedro Joaquin Chamorro, a newspaper publisher. Mr. Chamorro's death set off rioting and a 17-day work stoppage.

Guardians cordoned off the cities of Masaya and Diriamba following Sunday's violence.

Mrs. Carolina Potome, a resident in the Indian neighborhood of Mimbalo in Masaya, slipped through a National Guard cordone and reported that there had been a gun battle yesterday.

### Obituaries

## Physicist A. I. Alikhanyan

and cosmic rays with his brother, physicist Abraham Alikhanyan.

In 1934, with his brother and M. S. Kozodoyev, he discovered the emission of pairs of positrons and electrons by energized nuclei. In 1939, he began research which resulted in the discovery of varitrons.

Mr. Alikhanyan studied at Leningrad University and in 1931 began work in nuclear physics

### ILO Chief Wins A Second Term

GENEVA, Feb. 28 (NYT)—Francis Blanchard was re-elected today for a second five-year term as director-general of the International Labor Organization, a United Nations agency.

Mr. Blanchard, a 61-year-old Frenchman, has been with the ILO since it joined it in 1951. His new mandate becomes effective at the end of next February.

The director-general was re-elected by a secret vote, 51 to 1 with 1 abstention, of the agency's executive council.

The United States has not been replaced on the council since it resigned in November in protest over what it viewed as an excessive "politicization" of the ILO discussions.

Accidents Near Milan

MILAN, Feb. 28 (AP)—A driver was killed and at least 15 persons were injured yesterday when dozens of motor vehicles were involved in fog-caused collisions on the autostrada south of Milan.

SAN DIEGO, Feb. 28 (AP)—Retired Vice-Adm. Allan R. McCann, 81, who directed the rescue of 33 persons from the trapped submarine *Squalus* in 1939 and who was named commander of the Pacific submarine force in 1946, died last Wednesday.

Allan R. McCann

1943-45, he and his brother set up a cosmic radiation station on Mount Aragats which resulted in the discovery of narrow showers in cosmic rays. Mr. Alikhanyan was twice awarded the Stalin Prize, in 1941 and 1948.

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**SEAL COLONY**—Anybody looking for a lost seal might try Cape Cross, Namibia. There are lots of seals there, perhaps the largest colony (100,000-250,000) around.

#### In New Technical

### Monkey Fetus Is Removed and Returned

By Victor Cohn  
WASHINGTON, Feb. 28 (UPI).—Using a surgical technique that could one day help human babies, scientists are taking monkey fetuses from the womb, operating on them, then returning them to their mothers to be born at the normal time.

The federally financed research—which practitioners say could lead to dramatic repairs of human abnormalities before birth—is being done at two Washington-area laboratories and one at Harvard University.

The technique's success undercuts the belief that if a womb is open a pregnancy will usually end.

"That isn't true," Edward Taub, director of this work at the private, nonprofit Institute of Behavioral Research in Silver Spring, Md., said last week.

Brought to Normal Term

"We've removed some fetuses two-fifths of the way through gestation, kept them on the operating table for nearly two hours for our studies, then brought them to normal term," he explained.

"I think the old assumption was that, if you opened the uterus, the fetus would almost automatically be aborted. But people simply hadn't tried."

What is more, he said, "We've kept animals alive three years after birth. This is like nine years in a human being. These animals remained entirely normal except for the deficits [injuries] we induce in our operations to learn about fetal development."

There was no indication these animals would not have led a perfectly normal life span."

Now, he added, "I think we're on the verge of a new era of what might be called 'fetal neuro-psychology,' or the study of the way the fetal nerve system and brain develop and produce behavior."

Other researchers have studied other fetal developments in ways that would have been impossible by other methods. So the field may become not just the study of the brain and nerves but one covering all areas of fetal growth—and, in time, ways to correct abnormal growth to make a normal infant.

Two Decades of Effort

Getting to this point has taken nearly two decades of effort. The first work was done in the early 1960s by two professors of obstetrics, Dr. Albert Planti of Columbia University and Dr. D.L. Hutchison of the University of Pittsburgh. Both brought some monkey infants to normal birth.

Undersecretary of State

The effects included severe damage to the placenta, the organ through which the mother and fetus exchange many materials; and on subsequent fetal growth. Dr. Myers showed that undersecretary of state

that the fetuses were brought to normal birth with the number varying according to the rigors of the experiments.

Dr. Myers' goal was not just survival, but knowledge. For example, he clamped the umbilical cords of fetal monkeys halfway through gestation. According to a report in Science magazine, he was thus able to study the effects of depriving the brain of oxygen.

Development of Vision

The effects included, severe damage to the placenta, the organ through which the mother and fetus exchange many materials; and on subsequent fetal growth. Dr. Myers showed that undersecretary of state

that the fetuses were brought to normal birth with the number varying according to the rigors of the experiments.

Dr. Myers taught the technique to Dr. Taub. Now Dr. Taub, with Drs. Gilbert Barro, David Martin of Littman-Bionetics Laboratories in Rockville, Md., and Michael Goldberg of the Medical College of Pennsylvania, has done fetal surgery on 36 developing monkeys, with a 33-per-cent-success rate.

By cutting various nerve roots, the Taub group has abolished sensation from different parts of the developing body. And it has learned that—despite the loss of sensation and sensory feedback—these monkeys as infants exhibit nearly normal limb movements.

"In short," Dr. Taub said, "we've learned that these motor patterns do not necessarily depend on sensory feedback as often proposed, but are instead parts of the animal's genetic endowment."

Dr. Taub taught the methodology to Dr. Patricia Goldman, who is part of a National Institute of Mental Health group working at NIH.

The group is removing parts of the fetal brain to study effects on later learning, and has found that even when much of the pre-frontal cortex, an area considered vital to learning, is removed (at the two-thirds point in gestation), the monkey infant can later learn normally.

Development of Vision

Dr. Peleg Ravid of Harvard Medical School has studied the development of vision in fetal monkeys. "But the number of people doing fetal surgery is still few," Dr. Myers said. "I think it has a great deal to do with the fact that federal funding of research today is too low. I think a lot of people don't have the money to take advantage of the method."

Dr. Taub predicted that "it is only a matter of time until someone moves to trying to repair human fetal defects, for example, spinal defects and related neurological problems."

### Canada Urges UN Panel Study A-Units in Space

UNITED NATIONS, N.Y., Feb. 28 (AP)—Canada proposed formally yesterday that a UN panel be set up to study the possibility of limiting nuclear power sources aboard spacecraft.

The object of such limitation would be to avoid the danger of accidents such as that when a nuclear-powered Soviet spy satellite fell apart over northern Canada on Jan. 24 and scattered radioactive fragments.

The proposal called for the UN Outer Space Committee's scientific subcommittee to set up a special working group, open to all 47 member countries, on "questions relating to the use of nuclear-power sources in outer space."

Canadian Ambassador William Barton submitted the working paper to the subcommittee. A member of his mission, who would not be quoted by name, said Japan and Sweden had joined in drafting it and 28 subcommittee members supported it.

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#### After Braniff Service Is Blocked

### CAB Plans Reprisal for British Air Veto

By Ernest Holsendorph

WASHINGTON, Feb. 28 (UPI).—Caught in a policy dispute between the British and U.S. governments, Braniff Airways appeared yesterday to have lost its chance to begin Dallas-to-London flights tomorrow as scheduled.

Following the refusal by British authorities to approve low-cost flights to London by Braniff, the Civil Aeronautics Board last night instructed its staff to prepare a plan to "take reciprocal action" against British air carriers. Braniff cannot start its flights without British approval.

Since actions affecting international fares must be approved by the White House, the board ordered only that the proposal be drawn up by its staff. The CAB action is the strongest that it may take and ultimately the dispute must be settled between the Carter administration and the British government.

The necessity for intergovernmental negotiations so close to tomorrow's deadline appeared to make it highly unlikely that Braniff could start its service as scheduled.

Opposed to Trend

The fare dispute between the United States and Britain has been simmering for months. The British have opposed the trend, supported by the Carter administration and the CAB, toward

overseas carriers who must compete with them.

U.S. air carriers have protested the British resistance to reduced fares, saying it violates the transatlantic air service agreement that was signed last year after much wrangling by the United States and Britain.

CAB sources say that the proposed U.S. retaliation could be taken against British Caledonian Airways, a private carrier that serves the United States and has been among the most vocal of those opposing reduced fares.

In another action yesterday, the CAB refused to expedite action on a Braniff counterproposal to raise its proposed fares on the London route, a move that would be more pleasing to the British than that service could begin tomorrow.

Braniff was awarded the Dallas route to London earlier this year in a highly disputed decision in which the White House overruled a proposal by the CAB.

We intend to develop Houston as one of the major U.S. gateway cities on Pan Am's worldwide route system," said the Pan Am vice-president for marketing, Dan Colusky.

Pan Am's only current Houston passenger connection is with Mexico City.

Mr. Colusky said the airline proposed to start Boeing 747 service from Houston to London's Heathrow Airport on July 1.

The trade union organization said the detainees were not allowed to see their lawyers and that their cases are being handled by the police. It added that they are being held without charges.

to give the routes to Pan American World Airways.

Pan American, which had been backed for the route by the CAB because of its well-developed network of routes overseas, was rejected in favor of Braniff because, the White House said, Braniff had feeder lines in the southwest United States that could supply domestic volume to London.

Sources at the CAB say that the proposed fares by Braniff are about six per cent lower than those advocated by the British and that they include a low standby roundtrip fare of \$349 between Dallas and London.

The result of the board's action, the CAB statement said, "is to continue in effect Braniff's authority to begin service on March 1 under the proposed low fares."

Pan Am Seeks Routes

HOUSTON, Feb. 28 (UPI).—Pan American applied today for CAB approval of new domestic and overseas service as well as reduced overseas fares from Houston, an official announced.

The necessary for intergovernmental negotiations so close to tomorrow's deadline appeared to make it highly unlikely that Braniff could start its service as scheduled.

Labor Group Protests Detentions in Tunisia

BRUSSELS, Feb. 28 (UPI).—The International Confederation of Free Trade Unions announced yesterday that it has lodged a formal complaint with the International Labor Office in Geneva following the detention of about 100 trade union leaders imprisoned after the general strike in Tunisia on Jan. 26.

The Americans argue that lower prices will build volume, attract more passengers and eventually compensate for the profitless effect of fare cuts.

The British, however, charge

that the Americans are

destroying the U.S. companies and damage

charges.



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This is an authentic passenger statement.



**Lufthansa**  
German Airlines

## The Unsettling Settlements

The decision of the Israeli Cabinet to continue its policy of creating and expanding settlements in occupied territory adds to Mr. Atidore's problems in shuttling between Cairo and Jerusalem in an effort to secure agreed principles for peace negotiations.

The settlement problem has often been bogged down in words and names, such as "illegal," "duplicities," "security" and "Judea and Samaria." They are all vital to any discussion of the issue, but they do avoid its core. And they can involve lengthy and complicated contradictions, judicial and historical.

The heart of the settlement question is just what they represent in terms of Israeli conditions for peace. To the United States government, they signify sticking points, firmly rooted in an area that the United States—and the United Nations—has considered should be abandoned by the Israelis, with only some alterations for secure boundaries. The Arabs would eliminate those alterations.

\* \* \*

There has been some suggestion from the Israeli side (and the United States has also considered the point) of having a kind of gray area of sovereignty near the Israeli border; the settlements might conceivably be fitted into such a concept. But the Arabs do not show any interest in this proposal, and there are some harsh practical facts—revealed painfully in Lebanon—that hostile neighbors need high walls.

Moreover, if the Palestinian state is to emerge, the West Bank settlements would hardly survive.

## Our Vietnam Duty Is Not Over

The horror that was Indochina seems never to stop. Thailand, it is now confirmed, has been returning hundreds of Laotian refugees to Communist Laos. The shooting to death of a Laotian woman and her two children was observed last week by the Thai officials who had forced them back across the border. Other returnees have been taken away at gunpoint—at the least for imprisonment.

The Thai government bears a heavy responsibility for these forcible repatriations, which have been protested both by the United Nations Refugee Agency and by the United States. But American responsibility is heavier.

More than 100,000 Indochinese refugees, 82,000 of them Laotians, are now in camps in Thailand. Thousands of others have avoided the hardships of life in such camps—where a 20-cents-a-day rice diet is provided by the United Nations—by competing for jobs with the poorest Thais. As the numbers rose, the Thai government warned that it would not continue to provide haven indefinitely if the United States and others failed to provide offers of permanent asylum amounting to at least the numbers of new refugee arrivals. We have failed to do so.

Since the United States first admitted 135,000 Indochinese after the fall of Saigon in 1975, it has assisted in refugee emergencies on three occasions. It agreed to take 11,000 more in 1976, about 15,000 in 1977 and 7,000 so far this year, almost half of whom Vietnamese "boat people." But no sustained policy to deal with the exodus from Indochina and to reduce the numbers in Thailand.

Thus the settlements, whether legal or illegal, are an obstacle to peace. It is an obstacle that might be overcome—but hardly if they multiply while negotiations are supposedly under way. And the issue, so far as the United States is concerned, thus forms a block to its role as honest broker. The new and expanding settlements are acts that preempt the function of the principles that the United States—and both Israel and Egypt have accepted that thesis—would like to see stated as the basis for genuine negotiations.

The role of the United States is not, of course, solely that of broker. Both sides demanded active support—the Israelis to strengthen their position, the Arabs to pressure Israel into concessions. And the United States is committed to the maintenance of an Israeli state, which many Arabs want eliminated. So, increasing the number and size of the settlements, before there is any international sanction for their existence, will necessarily play a part in determining American attitudes, not only toward a final settlement through negotiation, but toward the participants in those negotiations.

Given that situation, and considering the virtual isolation of Israel internationally at this critical time, the Israeli government has not contributed to its own security or to its own hope for the future. The Arabs are divided, bitterly in many cases. The policy regarding the settlements formally and openly stated, can only weaken the moderates and strengthen the intransigents. The standing of the United States, whether as broker or friend of Israel, has been undercut.

land has yet been proposed by Washington.

With no permanent haven in sight, other Southeast Asian countries are refusing to admit even temporarily the Vietnamese fleeing by boat. Leaky vessels have been forced back to sea; passing ships, under instructions from their owners, have denied rescue even to sinking craft, contrary to all tradition and elementary decency.

All the while Rep. Elberg of Pennsylvania, the chairman of the House Immigration Subcommittee, has been pressing the administration to accept a highly restrictive immigration quota. He has thus helped discourage the White House from a generous use of the President's "parole" authority, which permits the admission of any number of refugees from Communism in emergencies. And the procedures for interviewing and clearing refugees have been applied so metitiously that only a small number of those in Thailand's camps have been declared eligible to enter the United States.

The administration should move urgently in three directions. It should use the parole authority to admit not only boat people but much larger numbers of camp people from Thailand. It should ease the criteria for admission, to take refugees other than those with close relatives in the United States or those who have been endangered by direct participation in the Indochinese war. And it would press for amendment of the Elberg bill, vowing to use the parole authority broadly until Congress adopts a generous and flexible admission formula.

THE NEW YORK TIMES

## The Horn: Four Questions

First question: Can the United States actually do much at this very late time about the very large Soviet-Cuban involvement in the Horn of Africa? No. Direct American intervention is a fantasy. It doesn't look as though Washington, even through its worried friends in the region, can muster enough force to prevent Ethiopia from defeating Somal troops in the Ogaden region and secessionists in Eritrea Province. The Soviet foray is no help to the general East-West atmosphere, but still, the United States has good reason not to hold other interests like SALT hostage to the Horn.

Second question: How, then, should the United States treat the Soviet-Cuban intervention? However forlornly, it has got to recognize that the principle of territorial integrity in whose name the Kremlin is intervening is accepted by all but about two (Egypt, the Sudan) of the 50-odd members of the Organization of African Unity. They are not equally happy to see Communists power deployed on an African battlefield. But as long as Moscow confines its participation to clearing Ethiopian territory of invaders and rebels, they'll go along. To keep pointing up the geopolitical dimensions of the Soviet intervention, or to start loosely linking it to other East-West issues, as some White House officials in particular now are doing, is to miss the key African point. It is also to advertise American incapacity.

Third question: Does that mean the United States must simply sit quietly and be gored? No. American officials should call international attention to the Russians' repeated pledge, and to the Ethiopian government's own recent pledge to a Carter emissary, to fight only to the point where Ethiopia's territorial integrity is restored. Their promise not to take revenge thereafter on Somalia is one which the United States, and the whole of the OAU, for their separate reasons, share a strong interest in seeing upheld. This means the Russians may indeed reap what gains in prestige and presence come from backing a winner. But it's not the end of the world. If Moscow takes this prize, nothing in its overall African performance suggests it will keep it for long. Occasions should be sought to continue the modest steps taken so far to show that the United States would appreciate a nonaligned Ethiopia.

Last question: Will that be the end of the Russians in Africa? Hardly. With a new intervention capability to test and flaunt, and with no important domestic drag on policy fancies, the Russians are clearly determined to have their run. The next likely place is Rhodesia, where they would enter in support of the only goal—"liberation"—that is more meaningful to most Africans than territorial integrity.

THE WASHINGTON POST

## In the International Edition

### Seventy-Five Years Ago

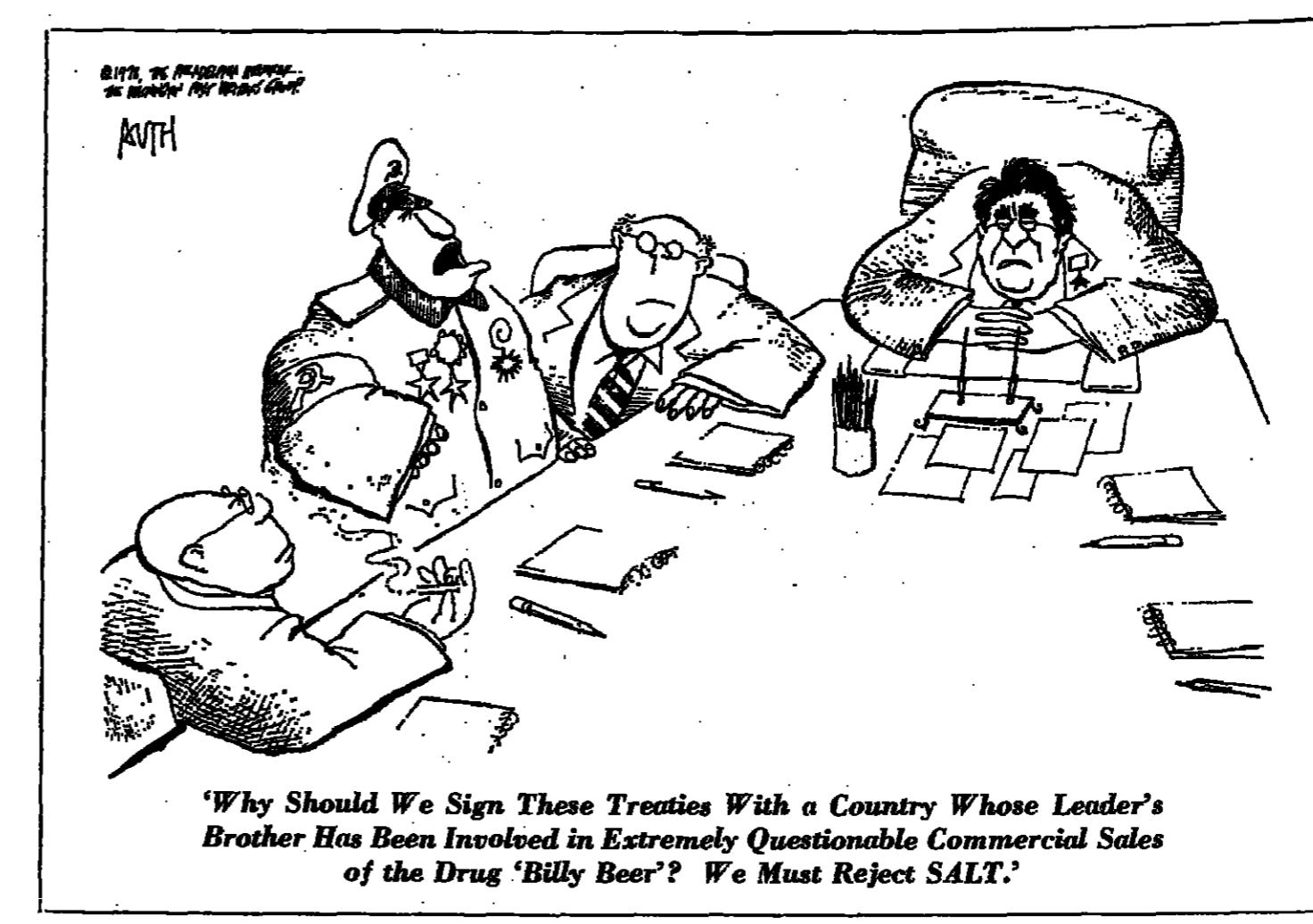
March 1, 1903

NEW YORK—Reports from Mexico state that the great volcano Popocatepetl has been bought by a group of American financiers, including the Standard Oil Company, for \$5 million. The mountain was bought for its sulfur content. It just might be a good investment because though it continues to throw up great jets of hissing steam which deposit layers of pure sulfur, it has not indulged in any violent outburst in the memory of man.

### Fifty Years Ago

March 1, 1928

PRINCETON, N.J.—Princeton graduates of the class of 1877 have their own theory on longevity. Get married to live long, they advise. This was revealed in vital statistics of the class, published in the golden anniversary book, just off the press. Forty-two per cent of the married members are still alive, and only twenty-five per cent of the bachelors survive, the book says. Doctors and journalists of the class lived the shortest lives.



## Opportunity for U.S. Energy to Go Nuclear

By Joseph Kraft

**WASHINGTON**—Coal is dead. Long live nuclear power—and safely. That is the underlying meaning of the moratorium coal strike for the country's energy problems. So it is good news that there is being announced this week a new technique which diverts all-out nuclear production from proliferation of nuclear weapons.

For several years now, coal has been at the center of the country's energy strategy. Thurston Morton, the top energy man in the last administration, called it "America's ace in the hole." President Carter's National Energy Plan prescribes a tripling in coal production by 1985.

But the strike demonstrates that the extensive practice of underground coal mining is not truly consistent with the sensibilities of an advanced industrial—or, as Daniel Bell puts it, a "post-industrial"—society. The work is dangerous, dirty and hard. Those who undertake it demand privileges which go beyond the usual reward of high wages.

The coal miners seek old-fashioned, individual freedom. They don't want to be pushed around by management or labor or government. That is why there is an anarchic union forced by its members to demand the right to have wildcat strikes without any serious penalty against wages, employment or health and pension benefits.

**Patience, Prayer**

The post-industrial society affords tolerance, if not universal support, for these demands. So the Taft-Hartley Law couldn't be made to work, and a seizure of the mines would have encountered—and still might encounter—strong congressional opposition.

The President, in these circumstances, has had as his chief weapon patience, and a prayer that, after the operators gave way, the miners would accept their surrender.

Theoretically the problems of Eastern coal could have been solved by Western coal. For the seams in the Rocky Mountains lie close to the surface and do not require underground mining.

But a feature of the post-industrial society is sensitivity to environmental problems. An-

other feature is high concern about unemployment.

These two concerns have combined to shape the latest clean-air regulations. The new rules require that 90 per cent of the sulfur content be removed from coal before the waste is emitted. That discriminates against Western coal, which is so low in sulfur content that it would not ordinarily need any special treatment.

As a result, Western coal will not be competitive east of the Mississippi. There will be no Western coal rush.

Nuclear power, by contrast, is free from all these social constraints. It is cleaner, cheaper, safer and more reliable than coal. The most progressive power producers in the country have long since gone over to nuclear reactors. A notable example is the Tennessee Valley Authority, which—having led in hydroelectric power during the 1950s and coal-fired plants in the 1960s—is now going nuclear in a big way.

Association with nuclear weapons, to be sure, has generated a good deal of public apprehension about nuclear power. Though polls and referendums show an

overwhelming part of the population favorable to nuclear power, many citizens and political leaders of unquestionably high motivation oppose—and successfully oppose—nuclear power plants in major population centers.

But that problem can be met

by placing the plants on government reservations or in nuclear parks. Thus the Hanford Nuclear Reservation in the central part of the state of Washington is being used for building three reactors due to provide power to the populous areas around Seattle and Portland. California could also have a piece of that action if Gov. Jerry Brown would be succeeded by his state's overwhelming energy difficulties.

### Waste Disposal

A second worry is disposal of nuclear wastes. There has been undoubted sloppiness in disposing of the nuclear wastes from military programs. Though no damage has been done, some of the radioactive material has leaked from containers stored at Hanford. But that can easily be

remedied—and indeed is being remedied—in a crash program for stashing the stuff in new containers.

The problem becomes much smaller if this country begins moving toward reprocessing plants and breeder reactors which use spent fuel to generate more nuclear fuel. President Carter had turned away from that path because reprocessing generates weapons-grade material and thus might promote proliferation of nuclear bombs. His hope was that if the United States went slow, France, Britain, West Germany and Japan would follow suit.

They have not—but the delay has yielded a dividend. Scientists in Britain and this country have developed, and are announcing this week, means for going through the whole reprocessing cycle without producing weapons-grade material.

This development is a special boon for President Carter, whose plan emphasizes weapons-grade material and thus might promote proliferation of nuclear bombs. His hope was that if the United States went slow, France, Britain, West Germany and Japan would follow suit.

I do not know much about

Jordan's social life or conversational habits. And I can only guess at the personal pressures under which he has been operating.

My discussions with him over the last five years have been in the line of business.

I do know a couple of other things about him, however. He has one of the best political minds I have ever met—a keen sense of public moods and good judgment about the effect of alternative strategies and policies. His assessments of Carter's situation and prospects—minus as well as pluses—have been unfailingly honest.

Second, in an administration where public relations and polls are given perhaps excessive weight, Jordan is one of the handful of people with access to Jimmy Carter who really cares about the ultimate objectives of politics. The pursuit of peace and social justice are not just slogans.

He also happens to be a man

whose loyalty to Carter is unquestioned by the President.

From all accounts, Jordan uses that position of trust to give Carter very frank advice.

His personal memo to the

President, I am told by those who have seen some of them, are models of direct, unhedged, non-bureaucratic prose. He is willing to go toe-to-toe with the President in verbal argument when he disagrees with Carter's proposed course of action.

## Other View Of Jordan's Status, Value

By David S. Broder

**WASHINGTON**.—Patrick Anderson, who wrote a book ("The President's Men") on White House assistants and in 1976 served as a speech-writer for Jimmy Carter, had a consulting thought for Hamilton Jordan. Deep as Jordan's trouble seemed last week, they were not as serious as those of Harry Hopkins, the Franklin Roosevelt aide whom Anderson described as "the most influential and admirable" of all the presidential assistants of this century.

Hopkins, who moved into the White House with his young daughter after his first wife died of cancer, was the subject of endless gossip and criticism. So controversial did he become that at one point he hung out a sign saying, "We ain't mad at nobody"—in effect suing for peace.

But there was no peace for Hopkins, and Anderson cites him as a prime example of the general point he makes in his book: "A president's trusted aide can attain power and glory, but the power is precarious and the glory may become tinged with notoriety, for there are many dangers inherent in his position."

### Taken at Word

In both instances, Jordan affirms that he was not the guilty party. The President and his associates in the White House take Jordan's word for it. His power has risen inside the White House even as his notoriety has grown, and today he is generally recognized as the most important of the President's policy and political advisers.

He is also 33 years old and recently separated from his wife. His father, who had been ill with cancer, died last week of a stroke.

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You can't get much more honest than that.

And he does that in a way that is

forthright and uncompromising.

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forthright and uncompromising.

## DINING OUT IN PARIS

**Black-Belt Cookery,  
Rustic and Refined**

By Naomi Barry

**P**ARIS, Feb. 28 (IHT).—When the chef of an outstanding Paris restaurant is robust, springy and a black-belt aikido (a martial art) master, confidence wafts through the premises. In addition to the food tasting good, it must be good for you. After all, one thinks there's nothing gross about the well-muscled patron, and he bats his own cooking.

Pierre Vedel probably comes under the category of "nouvelle cuisine," an appellation which makes him laugh. "When you strip away the publicity and the glitz, what have you? True French cuisine is ancestral. It is based on the home, the woman, the land, the peasants. Here in my restaurant, I have personalized it, lightened and refined it, added a little touch of my own."

He is too hard-headed a Meridional to inflate the subject any further. His style is appetizing, flavored with imagination, rigorous about first-quality products, and it leaves you in a condition to get up from the table with pleasure.

Doctors (the Paris medical profession eats out a lot and with discernment) are regulars. Vedel is particularly linked with those who specialize in nutrition for sportsmen and in research against obesity. The always-full restaurant has room for 34. "I refuse to enlarge because I insist on attention for all my guests," he says. "However, I keep a waiting list, like for an airplane. If somebody cancels, I'll phone back and say I have a table."

**Taught in Japan**

A stunning starter is a *salade de saumon à la citronnelle*, delicate in taste and as charmingly arranged as a Japanese entrée. The preparation is no accident. Vedel was sent to Japan for a year by Jacques Médecin, the Minister of Tourism, to give lessons in French cuisine as part of a cultural exchange. But a good teacher always learns in the process.

Slices of fresh salmon (marinated in lemon juice) and subtly parked with green asparagus are thoughtfully crossed over a salad of mâche and endive cut into julienne. Over all this goes a dose of the finest virgin olive oil.

"My father sends me the oil from Sète [a coastal city near Narbonne]," he says. Vedel is Sète's like his friend singer Georges Brassens, whom he sees



Pierre Vedel in kitchen of his Paris restaurant.

carrots and pumpkin. "I wanted to combine in a natural way sweetness and juicy softness." Few can identify the presence of the pumpkin.

The *fricassée de poivrons aux raisins verts* is a delight. Small pieces of filet of sole, or sole and turbot, are steam cooked and served with a sauce laced with the juice of green grapes and the inclusion of a few whole grapes, seemingly fresh though out of season. He preserves the grapes himself to have a year-round supply.

## Concentration

The restaurant has the plainest of walls and decor but the tablecloths are sparkling white and the plates are the same Villier et Boch used by Michel Guérard and the Troisgros brothers. Everything is concentrated on the table. Only a single sumptuous over-sized bouquet at the bar breaks the sobriety.

For one year, Vedel was the chef at le Grand Véfour and for three years he was chef at the Bistro de Paris. Two years ago he opened his own restaurant on an unfashionable street in the 15th Arrondissement.

Steam cooked to the second, filet of St. Félicien or of turbot à la mousse de carottes exemplifies Vedel's invention. The mousse is a successful puree of

my clients have become friends. At night around here, it is like the Bronx. Desolated. All the cars coming around here are coming to me."

His tour of the world did not include the Bronx.

**PIERRE VEDEL, 50 Rue des Morillons, Paris. Telephone: 426 04 37. Closed Saturday evenings and Sundays. Average price, including service and wine, 70 to 80 francs.**

**ON PARIS SCREENS****Showmanship That Is out of This World**

By Thomas Quinn Curris

**P**ARIS, Feb. 28 (IHT).—"Close Encounters of the Third Kind" (at the Gaumont Champs-Elysées, the Saint-Germain Huchette and the Huitaine in English) is the great new American hit. Everyone is impotent to see it and it is certain to divert almost all for it is a highly charged and quite startling entertainment.

The work of the youthful Steven Spielberg, who was responsible for "Jaws," it is additional evidence of its director's acumen as a diagnostician of the public pulse. It would be superfluous to examine this spectacular fantasy gravely. The "house-of-horror" gags that it merchants are akin to those induced by a ride on a scenic railroad. That its preposterous scenario is conveyed solemnly—as though it were an explanation of the Einstein theory of relativity—only denotes its sound showmanship. It is sagacious for thrillers to refrain from laughing at themselves.

The acting is definitely of the third order, plain and primitive,

with Richard Dreyfuss as a toller in a provincial powerhouse whose insatiable curiosity enlists him for a space voyage; with Truffaut seeking to be of bustling importance as the French research scientist; with Melinda Dillon as the worried mother and with Cary Guffey as the kidnapped child.

The futuristic speculation is of

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Encounters"—together with "Space

Odyssey 2001" and "Star Wars"—

reopens a profitable playground.

Such pictorial wonders tickle

the child in adults and their appeal

is worldwide and suffers no genera-

tion gap.

**Truffaut as Actor**

An international committee that

devoted itself to the study of

unaccountable happenings con-

cerns. Among its members is a

French savant (François Truffaut,

the director, turned actor for the

occasional) who reports on his plan to communicate with the space visitors by means of musical notes. He establishes contact with them and, despite first misgivings, they are not hostile. A meeting with them is arranged in the wastes of a Western desert. Through the haze one glimpses the creatures of nursery nightmares inviting brave volunteers to board their monster spacecraft and depart for unknown realms.

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tion gap.

**"Elles: Dieu"** (at the Racine, the Marbeuf and the Saint-André-des-Arts in its original version) is the new film of Naria Mercaris, the Hungarian director of the recent "Aphelin." It deals with the self-revelation of two women who find in their friendship consolation for their unhappy marriages. The first has been wed to a husband she did not love and who was not loved by him. The second has less subtle problems. Having been the mate of a drunkard, Marina Vlady and Lili Magyar are the competent interpreters of the two ex-wives who find mutual strength in each other's understanding.

The sale Saturday, conducted by Sotheby Parke-Bernet, mainly featured 18th-century French furniture, clocks, gold boxes and porcelain.

"Wine," and Antonioni's "L'Avventura" among them.

Comencini has taken the Montgomery tear-jerker about the bewilderment of youth, retold it against the scene of modern Italy and retold its bittersweet narrative with commendable skill and moving pathos. It concerns the two sons, aged 6 and 11, of separated parents and the older boy's futile efforts to express his love of his father. Stefano Ochagavie as the thwarted, high-strung lad and Simone Giannuzzi as his mischievous little brother play with such convincing simplicity that they fill their roles are one, while Anthony Quayle renders helpful support as the old father.

Luigi Comencini's "Incompreso" (at the Monte Carlo and the Quintette in Italian) is an adaptation of Florence Montgomery's weepy Victorian novel "Misunderstood." It was included in the program of a Cannes festival some years ago and its rude reception has delayed its French release.

The bad-mannered festival audience whistled at it as many a repulsive film—the subsequent Spanish success "Bread and Wine" (at the Racine and the Saint-André-des-Arts in its original version) is the new film of Naria Mercaris, the Hungarian director of the recent "Aphelin." It deals with the self-revelation of two women who find in their friendship consolation for their unhappy marriages. The first has been wed to a husband she did not love and who was not loved by him. The second has less subtle problems. Having been the mate of a drunkard, Marina Vlady and Lili Magyar are the competent interpreters of the two ex-wives who find mutual strength in each other's understanding.

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**Henry Ford Objects Sold for \$2.1 Million**

NEW YORK, Feb. 28 (Reuters)—Antiques belonging to

Henry Ford 2d and his former wife, Anne, have been auctioned for a total of \$2.1 million, with nearly half sold above the auctioneer's highest estimates.

The sale Saturday, conducted by Sotheby Parke-Bernet, mainly featured 18th-century French furniture, clocks, gold boxes and porcelain.

**AROUND THE GALLERIES****Brussels**

Christian Leroy, Galerie Claude Jongen, 149 Chaussee de Charleroi, Brussels, to March 4.

Strange and strong sculptures in terra-cotta and bronze show human figures and occasionally animals dramatically posed, tensed in a crouch, a head flung back with neck muscles taut, mouth open in a scream, interlaced in play and in lust, small-scale nudes, male and female, in total abandon, insouciant children. A large seated figure of a woman holds a baby in her lap, a horse agonizes on its back in a brilliantly sculpted movement. Leroy models within the Belgian tradition of the macabre but his work has more assertive realism than most and skips the whimsy. His drawings are in the same vein, sharply etched, no frills, with the accent on a moment of movement, of agony or of sexual ecstasy.

Giacomo Pompa, Hilton Gallery, Bd. de Waterloo, Brussels, through March.

Pompa's work is densely packed with detail not to be missed, bizarre, secretive and full of eccentric symbolism. It gives a heady glimpse of an absolutely authentic and unabashed fantasy. An artist who can take six years to complete a painting, and no wonder, he has few shows and this collection is on a tour of Europe. Arcane landscapes with tall-towered castles bloom on the crown of a wide-brimmed straw hat; bold knights bearing banners fly through the air in a sort of airborne small-cum-starfish escorted by a glider and a man with rubber wings; peacock-patterned snakes writhe sinuously through many of the paintings. The furred small reapers to confront a toy airplane with eyes, and a centipede made up of tiny balls of wood sports legs and antennae.

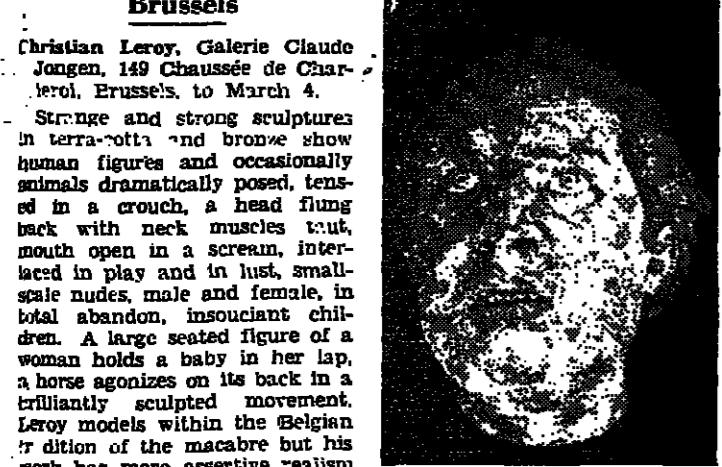
It's careful, polished work without florid surrealism.

Edith Smith, Gallery Daubzenberg '76, 78 Rue Daubzenberg, Brussels, to March 25.

Here are pastels and prints of skill and versatility by an American artist who has a delicate hand with color and tells her clearly defined forms, often portrait in profile, a human figure, into an area of enveloping abstraction so that they blend gently and create their own shapes and perspective.

For this show, Edith Smith's art is limited to graphic art but next year she plans to bring her oils to Europe; slides of her minis are show an astonishing mastery of dazzling perspective and style; misleading angle and space effects.

Antoine Laval: Jean de Witt, Galerie Anne Van Hoorenbeck, Bd. Chaussee de Charleroi, Brussels to March 25.



A Leroy sculpture

Laval makes compositions out of collages from paper, newsprint and brown paper. Placed with enviable neatness of technique in strips, circles, squares, overlapping or firmly separate, they form disciplined work with a certain constructivist flavor and are painted over in pleasing color.

De Witte shows photographs in sharp lighting effects in sharp black and white, the neon cutting sparkling patterns through the thick blackness surrounding them.

Bram Bogart, Galerie Alexandra Monetti, 184 Chaussee de Charleroi, Brussels, through March. Paint kneaded like dough into thick mounds of vivid color, ridged, in whorls and ruffles or molded into frames around one flat large rectangle of hot color, this is Bogart's medium. Sometimes enormous, sometimes of manageable size, they are more sculpted color fields than paintings and have an insistent presence in any room.

RONA DOBSON.

Rome

Afro (1913-1976), Retrospective, Galleria Nazionale d'Arte Moderna, Valle Giulia, Rome, through April 6.

This painter is considered one of the leaders of abstract expressionism in Italy. His early figurative canvases were sensitive and of high craftsmanship but not definitive in style. He gradually came to a Picasso-like semi-abstraction, then Shahin-like drawing, and then to a fascination with the New York School.

At the height of his career in the late '50s a free splashing manner was close to action painting in gesture, but not the least in feeling. The looseness was studied, more a display of high craftsmanship than a gut-deep attack. Only quite late did Afro come to a special expression, of dovetailing heraldic shapes in decorative patterns and warm earth colors, which, though moderate and tight, was finally

inert. Anne Van Hoorenbeck, Bd. Chaussee de Charleroi, Brussels to March 25.

Look for outstanding performance in a motor car and you will usually find it either in an exclusive luxury saloon with its bulky dimensions, or in an expensive sports car with its conspicuous styling. Both these alternatives represent a compromise for the performance-oriented driver.

In the opinion of specialists, Allyn-Depe is the most ancient urban-type civilization in the territory of the Soviet Union. Tass said: "It is about 4,000 years old."

Tass said a "Babylon-type tower" and numerous articles made of precious metals and stones found there indicated that the ancient inhabitants maintained contacts with the civilizations of Mesopotamia, India and Egypt.

Look for a combination of the maneuverability of a classic sports car and the impeccable manners of a luxury saloon, and you will find them in a BMW. The BMW 528i, for example, owes its unique character to the fact that it avoids the discomfort and ostentation of the average

**Power in a new kind of package.**

Look for outstanding performance in a motor car and you will usually find it either in an exclusive luxury saloon with its bulky dimensions, or in an expensive sports car with its conspicuous styling. Both these alternatives represent a compromise for the performance-oriented driver.

Look for a combination of the maneuverability of a classic sports car and the impeccable manners of a luxury saloon, and you will find them in a BMW. The BMW 528i, for example, owes its unique character to the fact that it avoids the discomfort and ostentation of the average

sports car, offering the comfort of an exclusive luxury saloon in unusually compact dimensions.

Thus BMW have the solution for every driver who wants more performance and less ostentation.

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## BUSINESS

## Herald Tribune

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INTERNATIONAL

PARIS, WEDNESDAY, MARCH 1, 1978

## FINANCE

Page 9

## New Economic Strategy Adopted

By Carl Gewirtz

PARIS, Feb. 28 (UPI)—The major industrialized countries agreed today to scuttle the stalled "locomotive" approach to revive economic growth and replace it with a more fluid "cogwheel" strategy.

Under the new strategy, adopted at a two-day meeting of the economic policy committee at the Organization for Economic Cooperation and Development, the burden for pulling the industrialized world out of the doldrums will be shifted from the economically strong countries—the so-called locomotives, which are the United States, West Germany and Japan—to a much broader-based grouping.

"There was almost unanimous agreement that this made sense,"

that this was consistent with further progress on inflation and stabilizing and reducing unemployment," said Charles Schultze, spokesman for the committee and chairman of the U.S. Council of Economic Advisors.

He stressed that the meeting was a strategy session and that no attempt was made to assess growth forecasts of individual countries or to assign growth targets.

The object of the new strategy is that each country would expand at a pace that is consistent with its own constraints but that by increasing the number of countries moving forward the impact would reverberate more quickly and more widely throughout the world.

"There was almost unanimous agreement that this made sense,"

## Britain Panel Sees Doubt Of a European Recovery

By William Kuczewicz

LONDON, Feb. 28 (AP-DJ)—Despite the stimulative efforts of major European nations, the United States and Japan, there is growing doubt whether European economies will recover from the current recession, at least in the sense of achieving a substantial reduction of unemployment levels, according to an independent British study published today.

While output prospects in the United States, Canada and Japan are still "reasonably favorable," demand in much of Western Europe is depressed, the report says. Protectionism in industrial countries, aimed at preserving jobs in declining manufacturing sectors, is tending to hold down the volume of world trade and inhibiting economic growth in non-developing countries, it adds.

Even new economic measures being advocated are small, constrained by the objectives of not increasing inflation or balance of payments deficits, and "it is difficult to envisage a pattern of successive recoveries, with the United States merely leading the others," says the respected National Institute of Economic and Social Research.

In its latest quarterly review of the world economy, it argues that "if recent indications that U.S. policy can be affected by external factors are confirmed, the worsening in the prospect for general recovery could have disturbing implications for the long-term relationship between imports and growth and for the whole international economic structure, as well as impairing trade prospects for 1978 and 1979. The present pattern cannot in any case be considered stable."

## Trade Was Sluggish

World trade was "notably sluggish" in the second half of last year and probably increased by no more than 3 to 3.5 per cent in the whole of 1977, NIESR estimates. For 1978, the institute foresees a rise of 5 to 5.5 per cent followed perhaps by some "marginally acceleration" next year.

Current account deficits of most major industrial countries should be "considerably smaller" this year than last and "more heavily concentrated" in the United States, the report says.

U.S. oil imports will not change much in 1978, while total imports could rise by about 4 per cent with little change in exports. Thus the U.S. trade deficit may increase slightly in 1978 because of worse terms of trade and the current account deficit could also widen due to slower growth in invisible receipts, the institute says.

Recent Japanese measures taken to increase imports "seem unlikely to have much effect in 1978, but the volume of exports is unlikely to grow more than in 1977." Its trade and current surpluses may therefore change little, but the target of reducing them seems difficult to meet, NIESR's study concludes.

West German trade this year is expected to grow only slowly in volume in 1978. "The trade surplus, however, is now expected to rise further, because of im-

## U.K. Economy Seen Turning Sluggish in '79

LONDON, Feb. 28 (AP-DJ)

—Britain's economy will probably experience a brief and mild recovery this year followed by a return to sluggish growth and rising unemployment in 1979, the National Institute of Economic and Social Research forecasts.

In its latest quarterly review of the British economy, published today, the institute says that price inflation should decelerate until late in 1978 but it is then expected to begin to rise again, reaching 8.8 per cent in 1979.

The nation's surplus on current account is forecast to be about \$1.25 billion in 1978, up from an estimated \$1.05-billion surplus last year, but the figure is not expected to increase any further next year, NIESR states. The independent institute uses a computer model of the economy similar to one used by the U.K. Treasury.

## Prices Slashed On Swiss Stocks, Banks After Ban

ZURICH, Feb. 28 (AP-DJ)

Swiss stock prices plunged across the board in the steepest one-day decline ever and Swiss franc bond prices stampeded by sharp reaction to the country's ban on foreign purchases of Swiss securities effective today.

Stock prices fell between 5 and 10 per cent in trading that was interrupted several times to restore order.

The Swiss Credit Bank index, based on 25 stocks, plunged 118 points to 250.0, a loss of 4.5 per cent, which, if applied to stocks listed on the Zurich exchange, represents a loss of 2.8 billion Swiss francs.

On the secondary market for Swiss-franc bonds, domestic issues fell 2 per cent, prices of bonds of foreign borrowers slipped more sharply, and one dealer said that losses ranged to 6 per cent. Trading was hectic, but buyers were scarce and in the resulting thin market, prices headed downwards.

Foreign purchases of new Swiss-franc-denominated bonds and private placements by foreign borrowers are exempt from the ban. However, the Swiss Central Bank has decided that it will allow only a certain percentage of new paper to be sold to foreigners, with the quota to be fixed by the end of this week, a spokesman said.

## Field Drops Trust Suit

CHICAGO, Feb. 28 (Reuters)

Marshall Field said a U.S. District Court judge granted its motion to dismiss its anti-trust suit against Carter Hawley Hale Stores. Last week, Carter Hawley withdrew its offer to acquire Field for \$42 a share.

## Company Reports

Revenue Profits in Millions of Dollars

American Broadcasting Co.	
Fourth Quarter	1977 1976
Revenue	491.80 391.20
Profits	34.80 24.40
Per Share	1.91 1.36
Year	
Revenue	1,610.00 1,340.00
Profits	103.80 71.70
Per Share	6.04 4.05

Warner-Lambert

Warner-Lambert	
Fourth Quarter	1977 1976
Revenue	634.40 613.50
Profits	55.40 20.10
Per Share	0.45 0.26
Year	
Revenue	2,540.00 2,350.00
Profits	157.60 158.80
Per Share	2.36 2.00

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## Add Few Stocks to Holdings

## Banks Move to Wall Street's Curbs

NEW YORK, Feb. 28 (AP-DJ)—Bank trust departments practically neutralized themselves as a stock market force in the final quarter of 1977. They added less stock to their holdings than in any quarter since they were made to file trading reports with the Comptroller of the Currency in late 1974.

The banks did a hefty amount of buying and selling—\$4.5 billion of trades—but, when all the buying and selling was done, they were net buyers of only \$40 million of stock in the quarter ended Dec. 31.

In contrast, that was a tiny amount. In some quarters of 1976 and 1978, the banks were net buyers of as much as \$1.5 billion of stock. Even with the pronounced slowdown in net buying that started early last year, net purchases averaged more than \$800 million a quarter in the first nine months of 1977.

The buying level was far from robust but went a long way then in cushioning heavy net selling by mutual funds. But the banks were far from a stabilizing force in the latest quarter, when mutual funds were net sellers of \$571 million of stock.

The surprisingly sharp drop in bank purchases emerges from the latest compilation by Computer Directions Advisors Inc., Silver Spring, Md., of data gathered for its quarterly services. The banks' response to the curbs have total stockholdings of \$12.2 billion. While many of the holdings are measured under the banks' investment criterion, the data also include trust accounts for which decisions are made by others.

Several observations can be made on the basis

of the Computer Directions breakdown of the banks' fourth-quarter transactions:

- The heaviest net buying had defensive characteristics. Purchases exceeded sales by the largest amounts in telephone, electric and gas utility stock groups.

- American Telephone drew, by far, the greatest interest. Bank trusts bought \$155 million more AT & T stock than they sold, figured at Dec. 31 prices. If AT & T were excluded, the banks were net sellers of more than \$100 million of all other stocks.

- In addition to AT & T, the banks were net buyers of nearly \$100 million of electric and gas utilities and nearly \$10 million of combination system utilities. Morgan Guaranty Trust Co. moved heavily into utilities in terms of fourth-quarter purchases. Aside from telephone and utility stocks, the trust departments were net sellers of more than \$200 million of other stocks.

- Banks were net buyers of aircraft, oil and gas extraction, oil refining, paper, computer, railroad and book publishing stocks.

- Biggest net selling occurred in basic industry stocks. Most heavily sold in this sector were stone, clay and glass, chemicals, soap, drug, tire and steel stocks. Other major groups on the sell side were department store, beverage and photographic stocks.

- By stock, the banks' largest net selling last quarter occurred in General Motors, Carburetors (involved in a tender offer), Cliffs Corp., Avon, Du Pont, Sohcoing-Plough, Eastman Kodak, International Business Machines, Alcan Labs (involved in a tender offer), Merck, Philip Morris, Schlesinger, St. Paul Cos., Sperry Rand and NCR Corp.

## Dollar Falls Sharply Despite Action by Swiss

LONDON, Feb. 28 (AP-DJ)—The dollar plunged to a record low against the deutsche mark today and dropped very sharply against other currencies as it became apparent that Switzerland's reformed exchange controls would do nothing to reverse the dollar's basic downturn.

The dollar fell 3.45 pennants, or 1.8 per cent, to 2,075 marks, a record end-of-day low. Dealers said trading volume was not very large but that there was no support for the U.S. currency.

In even thinner and more erratic trading, the dollar fell 5.35 pennants against the Swiss franc, or 1.8 per cent, to 1,516.50 Swiss francs, or not very far from the record intraday low of 1,528.50 set last Thursday before Switzerland announced the first of a series of measures to halt foreign purchases of Swiss francs.

In relative terms, the dollar's decline against the yen was mild. The rate fell to 238.40 yen from 238.25.

Several dealers insisted that the dollar's steep decline occurred on relatively small volume since many banks were unwilling to alter their currency positions at the end of the month.

Dealers said that if the New York Federal Reserve Bank intervened, it could not have been for significant amounts.

Moreover, reserve figures released by the Bundesbank suggested that the Federal Reserve's desire to keep supporting its currency may have become limited. The figures showed that the German central bank's reserves rose about 2.1 billion marks, or slightly more than \$1 billion, in the week ended last Thursday.

Since a large part of this increase, possibly more than half, represented drawings of the Fed on its swap line with the Bundesbank, dealers reasoned that perhaps more than two-thirds of the \$4-billion line has been exhausted.

In Zurich, dealers said that the Fed was both a buyer and seller of Swiss francs yesterday, indicating that the U.S. central bank was reluctant to make a substantial commitment toward supporting its currency.

In this connection, Fritz Leutwiler, president of the Swiss National Bank, said that he has sent an aide to the United States

## Belgium Output Drops

BRUSSELS, Feb. 28 (AP-DJ)

—Belgium's industrial production index in December fell 1.2 per cent from November but was little changed from December, 1976. The index was up 0.7 per cent in December.

Commerce Secretary Jean-Pierre Kreppel said, however, the severe winter was responsible for part of the decline.

Prices finished sharply lower on the American Stock Exchange in moderate trading with the Amex index down 0.49 to 122.55.

Volume totaled 18,750 million shares, little changed from 19,98 million yesterday.

Prices began dropping from the opening amid concern about the 0.8 per cent rise in the urban consumer price index for January reported yesterday.

The decline broadened in the afternoon after the U.S. said its January index of leading economic indicators fell 1.9 per cent for the biggest drop in three years.

The department said that of the 10 index components available for January, eight fell, with the drop in the average workweek by 0.8 hours to 39.7 hours exerting the biggest downward influence.

The department said cold weather and heavy snowfall in January affected the workweek and building permits which also fell, but the magnitude of the impact is unknown.

The department said its index of coincident indicators fell 0.3 per cent in January to 123.9 per cent of its 1967 average. This followed 11 months of gain capped by a 0.3-per-cent rise in December and left the index 6.9 per cent ahead of a year earlier.

The index of lagging indicators rose 2.1 per cent in January to 135.3 per cent of its 1967 value. This followed with no change in the index for December and was the biggest jump since the 3.4 per cent rise in May, 1974.

The lagging indicators were 11.3 per cent ahead of a year earlier.

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Deutsche Bank

The Nikko Securities Co., (Europe) Ltd.

Dai-Ichi Kangyo Bank Nederland N.Y.

Daiwa Europe N.V.

Credit Suisse White Weld Limited

Smith Barney, Harris Upham &amp; Co. Incorporated

Swiss Bank Corporation (Overseas) Limited

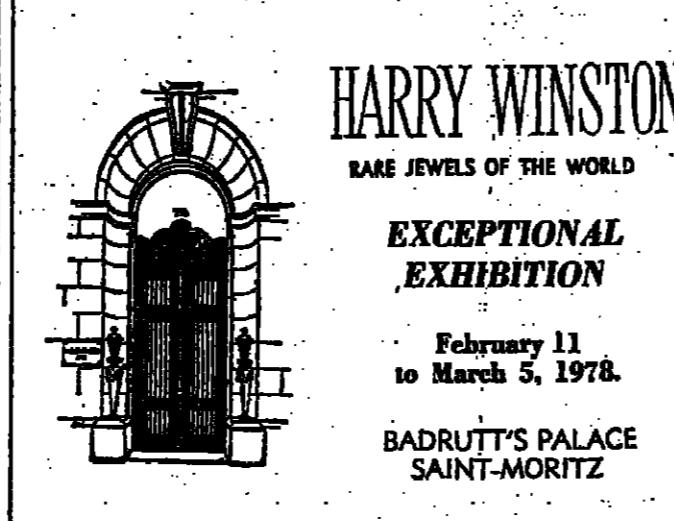
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In Morgan Guaranty's new office in Rome are, from left, Stefano Balsamo, assistant vice president; Philip Fisher, vice president and head of the Rome office; and Gaetano Vichielli, vice president and general manager of the bank's operations in Italy.

## Morgan Guaranty announces the opening of an international banking office in Rome

Since 1915 Morgan Guaranty has provided international banking services in Italy, both for major companies and for the Italian government. For a number of years we served clients through a subsidiary, Banca Morgan Vonwiller. Then, in 1977, we opened a full banking office in Milan. Now we are pleased to announce the opening of another banking office—in Rome, at Via Abruzzi 2.

Morgan is in Rome for several reasons: because of the bank's historic ties to Italy; because of Rome's stature as a world capital and headquarters for major financial and commercial institutions; and because of the increasing importance to industry of the Rome area and the Mezzogiorno.

Besides the Republic and its agencies, Morgan serves Italian multinationals and many U.S. and European companies that do business in Italy. Particular attention is given to companies in international trade through the financing of exports and imports—in lira and other major currencies. Morgan is experienced in forming lending groups of banks and other financial institutions



where large amounts and longer terms are required. Morgan is recognized as a leader in solving the complex financial problems of international companies. For example, our foreign exchange specialists, who are active in markets around the world, can help you determine the best way to deal with your exposure in foreign currencies.

As a leading corporate bank Morgan is known for speed and accuracy, for meticulous attention to detail, and for extensive financial resources and business know-how—in Italy and at our strategically located offices throughout the world. If your company does business internationally, consider Morgan Guaranty in Rome and Milan.

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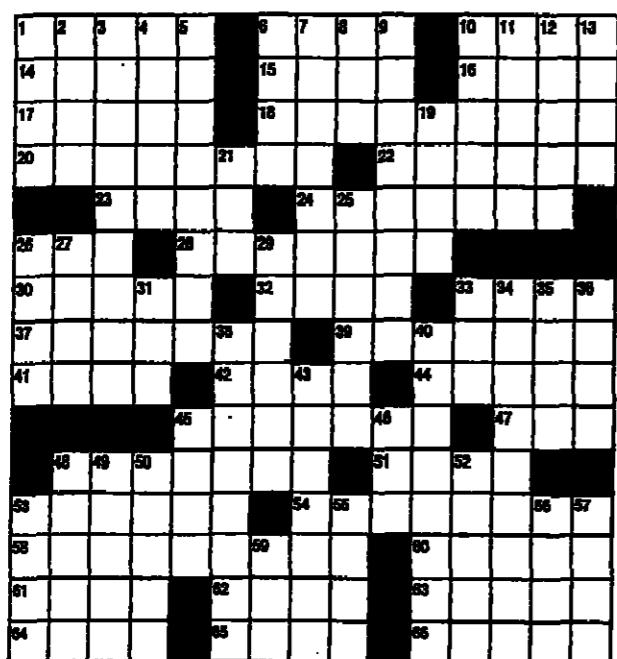
## NYSE Nationwide Trading (3 O'clock) Feb. 28

	Chgs				Chgs				Chgs			
	High	Low	Div in \$	Yld.	P/E	100s	High	Low	Div in \$	Yld.	P/E	100s
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## CROSSWORD — By Eugene T. Matelski



**ACROSS**

- Group character
- Slapstick prop
- Relative of a hop
- Alternate name for Fortaleza, Brazilian port
- Against; Prefix
- Aphorism with a mystical meaning
- Pres. Grant's first name
- Popular TV program
- Veteran
- Use Imitus paper
- University in New Orleans
- Broad belt of the East
- Native to
- Author Runyon
- Oil-rich land
- Mark of excellence
- Don fancy togs
- Accept
- Tad's effrontry
- Word with dive or gay
- Come clean
- Tremble

**DOWN**

- Yodeler's delight
- Linden tree
- Dickens novel
- Deliver a spud
- Japanese musical instruments
- Senator's attendant
- Suitable
- SHARP's domain
- Second occupation
- face (at first sight)
- Bruit
- Upright
- U.S.N. chow
- Part of a baby's toilette
- High place: Abbr.
- Some casino figures
- Siren Theds
- Use a ladle
- Formerly
- Poverner of the CIA
- Cleverman conjunction
- Deadline, e.g.
- Greedy
- Macerate flax
- Not on the roster
- Titled
- Originated
- Take it on the lam
- River in Scotland
- Arno or Nero
- Abscond
- Income for Yves
- "Thereby hangs,"
- Fem., or neut.
- Atmosphere, Comb. form
- Appraise
- River in Germany
- Yellow bugle

## WEATHER

ALGARVE	0	6	Cloudy	12	52	Overcast
AMSTERDAM	15	25	Clear	54	75	Cloudy
ATHENS	15	61	Variable	55	75	Cloudy
BEIRUT	10	55	Clear	56	55	Cloudy
BRUSSELS	11	55	Clear	57	55	Cloudy
BUCHAREST	10	55	Cloudy	58	55	Cloudy
BUDAPEST	10	55	Cloudy	59	55	Cloudy
COPENHAGEN	8	57	Rain	60	55	Cloudy
COSTA DEL SOL	15	61	Cloudy	61	55	Cloudy
DUBLIN	15	61	Cloudy	62	55	Cloudy
EDINBURGH	15	61	Cloudy	63	55	Cloudy
FLORENCE	15	55	Rain	64	55	Cloudy
FRANKFURT	15	55	Cloudy	65	55	Cloudy
GENEVA	8	45	Cloudy	66	55	Cloudy
HANOVER	14	55	Cloudy	67	55	Cloudy
LAS PALMAS	51	70	Rain	68	55	Cloudy
LISBON	15	55	Overcast	69	55	Cloudy
LONDON	15	55	Overcast	70	55	Cloudy
LOS ANGELES	14	57	Rain	71	55	Cloudy

## INTERNATIONAL FUNDS ADVERTISEMENT

February 28, 1978

The net asset value quotations shown are supplied by the Funds listed with the exception of some Series funds whose quotes are based on more frequent than the daily rate. \* weekly; \*\* monthly; \*\*\* quarterly; (1) - irregularly.

BANK UTILS SAER &amp; CO Ltd.

(1) Schroder SFPI 40.25  
(1) Comfor SFPI 78  
(1) Grober SFPI 24  
(1) Stockbar SFPI 50

BANQUE VON ERNST &amp; CIE

(1) CSF Fund SF16.45  
(1) Capital Fund SF 27  
(1) TITI Fund N.V. 57.27

CAPITAL INTERNATIONAL S.A.

(1) Spain Int. \$15.75  
(1) Capital Italia S.A. \$15.19  
(1) Convertible Capital S.A. \$34.70

CREDIT SUISSE

(1) Actions Suisses SFPI 56.50  
(1) Capital Bonds SFPI 78  
(1) CSF Fund-Int'l SFPI 58  
(1) Energie-Valor SFPI 21  
(1) Europa-Valor SFPI 16

DTI INVESTMENT FRANKFURT

(1) Concentra DM25.16  
(1) Int'l Reitfund DM78.60

FIDELITY (BERMUDA)

(1) Pacific Asset Assets \$20.28  
(1) Fidelity Fund SFPI 17  
(1) Fidelity Int'l Fund \$11.37  
(1) Fidelity Pacific Fund \$40.15  
(1) Fidelity Wind Fund \$23.25

G.I. (BERMUDA) LIMITED

(1) Betty Pat. Co. Ltd. \$38.76  
(1) GT. Dollar Fund 50.31

JARDINE FLEMING

(1) Jardine Jean Fund \$61.89  
(1) Jardine Std-East Asia \$11.74

LLOYDS INT'L MUT UP GENEVA 11

(1) Lloyd's Int'l Growth SFPI 94  
(1) Lloyd's Int'l Income SFPI 22.50

PROPERTY GROWTH OVERSEAS LTD.

(1) U.S. Dollar Fund \$82.27  
(1) Sterling Fund \$12.80

TAIFUNA N.A. V.

\$12.84

SOPHIC GROUP GENEVA

(1) Sophic Int'l Fund SFPI 54.50  
(1) Sophic Securit. Fund SFPI 10.05

SWISS BANK CORP.

(1) America-Valor SFPI 71  
(1) Interbank SFPI 75

SWISS INTERBANC

(1) James Portafolio SFPI 20.35  
(1) U.S. Govt New Ser. SFPI 24.75  
(1) Univ. State Bond SFPI 20  
(1) Univ. University Fund SFPI 70

UNION BANK OF SWITZERLAND

(1) Amer. U.S. \$10 SFPI 25.25  
(1) Bond Invest SFPI 17.75

(1) Convert-Invest SFPI 67.50

(1) Euro Europe SFPI 20.75

(1) Euro Bonds SFPI 20

(1) Globavest SFPI 10

(1) Pacific Invest SFPI 20

(1) Sadi South Afr. \$10 SFPI 13

(1) Swiss Swiss R. Ext. SFPI 12

UNION-INVESTMENT Frankfurt

(1) Atlanticfonds SFPI 10  
(1) Europofonds SFPI 35

(1) Unilever SFPI 18

(1) Unilever SFPI 25

(1) Unilever SFPI 35

**At House Hearing****NCAA Investigators Accused of Bribery**

By Gordon S. White Jr.

WASHINGTON, Feb. 28 (NYT).—National Collegiate Athletic Association investigators were charged yesterday with using bribery as a means of obtaining information against NCAA member colleges, and one NCAA investigator was accused of calling off his party at the University of Mississippi after an athlete there received a woman for the investigator.

These allegations were made by Grant Clark, a former member of the NCAA enforcement staff of investigators, as the House subcommittee on oversight and investigations opened hearings into the operations of the governing body of intercollegiate sports.

Clark, an attorney who resigned

from the NCAA last December

and now serves as a counsel to the House subcommittee, said, "I believe that the NCAA enforcement machinery allows NCAA personnel to inflict selective punishment upon institutions, selections based not on reports of violations so much as politics and balance sheets."

**Trotter Offer Reported**

He made the following charges against NCAA investigators:

• Bell Hunt, director of the NCAA enforcement staff, allegedly offered Major Jones, a former Albany (Ga.) State University basketball player, a tryout with the Kansas City Kings of the National Basketball Association in exchange for information about rules violations not necessarily concerned with Albany.

• Douglas Dunlop, a former NCAA investigator, allegedly offered to serve as an agent for Wayne (Tree) Rollins, a former Clemson basketball player, if Rollins would give Dunlop information concerning Clemson rules violations. Clemson's basketball program was subsequently placed on probation by the NCAA for violation of association regulations.

• James Delaney, a member of the NCAA enforcement staff, allegedly stopped investigating the Mississippi football program after James Jordan, an Ole Miss football player, provided Delaney with a young woman. Clark indicated that the Mississippi case involved Jordan, who was a starting middle guard in the 1976 season.

**Charges Denied**

Dunlop, now an attorney for the U.S. Olympic Committee, said from his office in New York that he never made such an offer to Rollins.

Referring to the charge that Hunt offered to get Jones a tryout with the Kansas City Kings through Joe Axelson, general manager of the NBA team, Axelson said, "I know nothing about it. We never tried Major Jones out. I definitely deny any part of it."

Jordan, who is still a student at the University of Mississippi, issued a statement through the sports publicity office at Mississippi, stating, "I will have absolutely nothing to say concerning this matter unless I'm speaking face to face, in person, with an official of the NCAA."

A spokesman for Mississippi said that Jordan was dismissed from the team in the 1977 season for disciplinary reasons. Ken Cooper, Mississippi's head football coach when the alleged procurement took place, was dismissed after the 1977 season and was not available for comment.

**Long Hearings Due**

The subcommittee on oversight and investigations began its probe of the NCAA last October. Rep. John Moss, D-Calif., the subcommittee chairman, indicated that the public hearings will continue through the spring and summer with as many as 80 witnesses. Clark was the first witness and occupied the entire day of hearings.

The former NCAA employee said that investigators intimidated college athletes in order to get information about rules violations so that the NCAA infractions committee could penalize the colleges and coaches involved.

Clark listed a number of alleged NCAA practices that troubled him. "Taping of telephone conversations without the other party's knowledge was routine," he said. He said these tapes were made by the NCAA staff at its headquarters in Shawnee Mission, Kan., to record talks with college officials.

Clark also said that Hale McMenamin, a former FBI agent now working as an NCAA investigator, "made extensive use of a whole network of former FBI agents to gain access to all manner of confidential and classified information not otherwise legally available."

Clark said the NCAA enforcement machinery deprives its member institutions of the tools to defend themselves in the face of an NCAA staff with almost unbridled power.

**Grand Prix racing 'represents a form of competition that most people would like to be a part of, yet they prefer to see others doing it. Because they all drive cars, they like to think they could be race drivers. They have the fantasy. Yes, they would drive if they could—but they can't.'**

**Stewart Enjoys Life's Grand Prix**

By Dave Kindred

WASHINGTON, Feb. 28 (WP).—Jackie Stewart, world champion, the words seem to belong together.

Three times the little man won the formula 1 racing championship. In Monaco, Princess Grace and Prince Rainier have him for dinner. King Carlos of Spain inquires about his chances, now that he's out of racing. Heads of state—whether in Europe, Africa or South America—see the pleasures of power, and it makes them happy to call a Grand Prix legend their friend. "The barriers of society fall," Stewart said, "when you are world champion."

Four years retired, Stewart is enjoying life. "It is a kaleidoscope," he said. "All the colors, visions, shapes. I live so fast that, to some people, it may seem a blur. Once, I was living in a cocoon. Tunnel vision. I could drive from my home in Switzerland to an airport 15 minutes away, where a plane would be waiting to take me to the large airport.

**No Waiting List**

"I'd board the plane directly because of who I was. At the other end, in South Africa or Zimbabwe, a limousine would take me to a hotel suite. A helicopter would transport me to the race itself. If it were a race in Europe, I would be back home in Geneva for dinner."

**Never**

"Not after 13 years. I was so organized, so computerized. I'd been doing the same thing for 13 years. Any man with any imagination will change the path he walks after that time. He will not walk the same path forever."

"I know I will never replace the sensations racing offered me. But I also know that if I stayed, I would have stagnated. It was

time to move on. I was given a secret decision to quit at season's end. He won the championship that year, although he did not drive in the season's last race, at Watkins Glen, N.Y. His friend and teammate, Francois Cevert, was killed in practice the day before that race.

**Connection Denied**

"Many people have connected my retirement with winning a third championship or with Francois' death," Stewart said. "In fact, I had told my team manager, Ken Tyrrel, in April, that I would retire in October. It was only out of respect to Francois that I didn't race that last day. It would have been my 100th Grand Prix."

Stewart sat in a booth at a motel restaurant near Daytona International Speedway, where he worked as a television commentator for last Sunday's Daytona 500 stock-car race.

"I retired so my life might be my own. I am here today because I want to be here. I have all the money I need for my family forever. It is my choice now how I live, and I am enjoying it."

Stewart is 38 years old, a sharp-faced Scotman who quit school at 15 to work in a garage. A worshiper of Jim Clark, he became his idol's successor, the greatest Formula 1 driver in his time.

**Stewart on Racing**

Now to hear Stewart talk about racing is to hear a man in love about his beloved's virtues on a rooftop.

• Why men race—"The sport represents a form of competition that most people would like to be a part of, yet they prefer to see others doing it. Because they all drive cars, they like to think they could be race drivers. They have the fantasy. Yes, they would drive if they could—but they can't. Just as Rostropovich plays the cello, as Glenn Miller did his thing and the Beatles theirs, people are gifted in certain ways by God. Some are given the gift to drive race cars. Still, of 36 Grand

Prix drivers, maybe three or four, perhaps only two, turn the gift to greatness."

• On Grand Prix racing contrasted to U.S. oval-track racing—"In Formula 1, the cars are so highly sophisticated. True, stock cars are enormously powerful cars that travel at high speeds. But they are turning only left, instead of left and right as we do on the road courses. They seldom use brakes, they seldom use gear changes."

"What we do, in Formula 1, relates more closely to driving as the spectator knows it. In American drivers, I see a certain lack of versatility."

• On courage—"Courage ranks low in making a man a great driver. Bravery doesn't exist. I never saw myself as a courageous person. I recognized risks, yes, but bravery for bravery's sake is sometimes blind and downright stupid. I drove only one time when I was frightened. It was in the rain. I raced on and finished third, but it took great determination to finish. Others were racing at 180 mph, so I couldn't put my car down. When it was over, I was drained from fear. That day, some courage existed."

**On Safety**

"I knew when the season started every January, I would have two major accidents that year with the potential to be seriously injured or killed. It was up to me to minimize the extent of the injury, to assure the least amount of vulnerability. It's seen too many drivers die because no one was there to save them."

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## Observer

## Singles Bar Scene

By Russell Baker

**NEW YORK.**—My knowledge of what goes on in singles bars comes entirely from reading reviews of "Looking for Mister Goodbar." I gather they are places where a girl like Diane Keaton can get herself murdered. Also that they are filled with what Steve Martin calls "wild and swinging guys" and a species of femininity called "chicks."

Naturally then, I scarcely lifted an eyebrow at gossip that President Carter's number one man, Hamilton Jordan, had thrown a drink on a woman in such a place. I am ashamed to confess that when it was first reported I immediately assumed it was true.

This was not because of any suspicion that Jordan is not a true gentleman, but because of my own ignorance and confusion about contemporary etiquette between the sexes. In the strange society of singles bars, it seems to me, throwing a drink on a woman might very well be an accepted way of advancing a relationship.

From Jordan's angry denial and the ensuing fuss in swinging Washington, I now gather that this is not acceptable conduct, but I am still uncertain about what forms of behavior are permissible among swinging singles at their bars.

The bars I frequent are mostly for tired husbands and in them it is perfectly acceptable for a man to throw a drink on another man, provided he is willing thereafter to step outside. This leads to many refreshing relationships. If a man throws a drink on a woman, however, he is thrown outside alone. The solitude of exile is the social punishment of the man who violates the etiquette of the tired husbands.

On balance, my opinion of singles bars has risen since discovering that throwing drinks on women is frowned upon just as it is in the tired husbands' bars. Relationships between the sexes have become so baffling nowadays that it is comforting to find a common thread of social agreement between at least two drinking communities.

There are some feminists, I suppose, who will see only insult and discrimination in an etiquette that denies a woman the right to receive a thrown drink in a bar. Considered rationally, their point is sound. If a man can go into a bar and have a

drink thrown on him by another man, while a woman can't, there is a clear and devastating implication that the woman is regarded as weaker than men as a creature in need of protective social restrictions and, in short, as a sex object.

I have no desire to inflame women who take this view. I see the merit of their case but simply cannot bring myself to throw drinks on them. For this reason I avoid the more cosmopolitan bars in midtown and downtown Manhattan which are likely to attract feminists apt to make a nasty scene if I throw a drink on a male gossip columnist but not on my wife.

This uncertainty about how a man may conduct himself in the presence of a woman is one of the difficult by-products of the feminist movement. It isn't limited to the small question whether you should throw a drink at this woman to establish that you aren't a male chauvinist or whether you ought not to throw a drink at that woman because she lives by the code of the singles bars.

The problem now is how to make human contact with a woman. Recently a successful feminist novelist told an interviewer that all men are rapists. "My good woman," I was about to argue, "now you have gone too far," but her interviewer interrupted me. Men that don't rape violently, she went on, "rape you with their eyes."

Since reading this, I have averted my eyes whenever a woman approaches on the street.

The worst of it, however, is that I am certain there are still many women who desire men to look at them, who do not at all regard a cool glance or even an interested stare as rape, who are discouraged and saddened, in fact, if men do not look at them. How can a man do his social duty to these women who pass him by thousands daily in the streets without risking commission of bestial eye rape upon the sensitive feminists who walk among them loathing his swinish glances?

The only safe course nowadays is to avoid women altogether until they have fully informed you, preferably in writing, of the social codes they expect you to observe in regard to looking, throwing drinks and all other etiquette between the sexes. I don't know how to get them to write you this information if you don't dare look at them long enough to meet them. You probably can't. That's probably why so many New Yorkers can't afford psychiatrists to go to tired husbands bars.

**BRUSSELS (GET).**—For almost a decade now, the Belgian National Tourist Office has been arranging special "national years" to highlight various aspects of Belgium's rich cultural and natural heritage.

There was a "Year of Mills" and there are plenty of quaint old mills sprinkled over the nine provinces, some of them like the Moulin Hélieux in Luxembourg Province and the Bellenois in the Flemish half of Brabant, having been turned into carriage-trade restaurants and hosteries. The "Year of Castles and Chateaux" in 1970 turned out to be such a success that it was carried over into 1971. There followed the "Year of Abbeys and Convents" of "Folklore," of "Cathedrals and City Halls," "Landscapes, Parks and Gardens," and, in connection with Peter Paul Rubens' 400th birthday anniversary, the 1977 "Year of Rubens and the Museums."

Arthur Hauck, poet, scholar and commissioner-general for tourism in Belgium's Ministry of Communications, must have had a tough time deciding on the theme for the 1978 "national year," so much having been covered already. He finally settled for "The Seven Wonders of Belgium," intending to present a representative though compact cross section of Belgian art and craftsmanship, spanning some five centuries from medieval Mosan art to Rubensian Flemish Baroque.

The commissioner-general must have an even tougher time choosing among the thousands of masterpieces tucked away in museums, cathedrals, parish churches and stately mansions but, with the aid of Belgium's most distinguished art historians, he settled for three in Flanders, three in Wallonia and one in Brussels.

Bruges is represented by perhaps its greatest artist, Hans Memling (c. 1433-94). The Shrine of St. Ursula and her 11,000 virgins is an elaborate reliquary in high Gothic, depicting, along with assorted saints, six episodes from the legend of the saint and her vast entourage. The portable structure reportedly contains relics of the saint and the 11,000 virgins, who were slaughtered by the heathen, and an agnostic may wonder how a container the size of an old-fashioned steam-trunk can hold it all. But it is a marvelous piece of work, well worth an hour or two of close inspection, though a certain familiarity with the legend is very helpful. The reliquary is on permanent display in the 800-year-old Hospital of St. John, a sight in itself.

The fourth "wonder" is "The Adoration of the Lamb" by the Van Eyck brothers, Jan and Hubert, in the Cathedral of St. Bavon in Ghent. Painted between 1420-32, it is one of 20 panels in a polyptych on the theme of redemption through the sacrifice of Christ. A footnote: Little is known about Hubert Van Eyck and doubts have sometimes been raised as to his very existence. The story goes, however, that the work was started by Hubert and finished by brother Jan, 20 years his junior.

The precision and realism of



Detail from Pieter Brueghel's "Fall of Icarus," one of Belgium's "seven wonders," in Brussels.

his legs and an arm are showing as the unfortunate aviator sinks into the brine. A setting sun provides the light. "Rubens Year" lingers on in Antwerp's magnificent cathedral where Peter Paul's "Descent from the Cross" has been chosen as one of the magnificent seven. The monumental painting, representing four years of work (1611-14) forms the center panel of a triptych. The altarpiece was ordered by the Guild of Harquebusiers (of which Rubens was a member) for their chapel in the Church of Our Lady and later removed to prominent display in the cathedral.

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The fourth "wonder" is "The

a sarcophagus in varnished wood, overlaid with chased and gilded silver and has elaborate filigree work set with precious stones. The short sides are shaped like arched housing allegorical figures which stand out against a background of blue enamel. According to an inscription at the base, Nicolas de Verdun finished the masterpiece in 1295.

## Influence

It is the last preserved work by Nichols, marking an important stage in the development of the style of the Massan goldsmiths, whose influence in the 1300s spread beyond the Meuse and the Rhine and well into Central Europe.

The Institute of the Sisters of Our Lady, in the Rue Billuart in Namur, houses Belgium's seventh "wonder," the treasure of Hugo van der Goes, some 40 objects all told, created c. 1423-38. Hugo settled in Oignies sometime after 1387 and worked as goldsmith for the religious community founded by his brother, Gilles de Walcourt. His style owes its originality to the way he developed marginal decor by drawing inspiration from the vegetable, animal and human worlds.

Perhaps most notable in the collection is a Gospel book with oakum covers, overlaid with embossed and partially gilded silver leaf. On the front cover is Christ the King, the back depicts the Crucifixion. The chalice made for his brother Gilles is in gilded silver, with niello inlay. A crescent-shaped reliquary in gilded copper with silver inlay remains to contain a rib of St. Peter.

The "seven wonders" present a unique opportunity for a visitor with limited time who is interested in the period of Belgian art covered in the program. The "national years" are generally geared to a foreign public; the Belgians themselves are a generally sophisticated lot who know all or most about it all and need no or little guidance. Special brochures, in French, Dutch, English and German, will be published as the tourist season draws near.

The year will be officially inaugurated by Queen Fabiola on May 2, but pre-season visitors still have a chance to see all or most of the "wonders," all of which are on permanent display. It may be wise to phone ahead to find out when the treasure troves are open to the public.

Non-art, according to some observers, has been around for

## PEOPLE: Steinbeck's Home Town Makes Him Respectable



Joseph Alioto  
...remarried

some time now, but a non-artist? To his famous portrait subjects, he was known as Charles J. Fox and for 40 years his pictures carried those initials but in a Miami tax court Monday his cover was blown. Let Fox told federal Judge Samuel Sternitt that the artist behind the signature was actually Irving Resnikoff, who never met anyone he painted. Resnikoff, 81, now lives in a Manhattan apartment and did the paintings from photographs, Fox said. Fox collected as much as \$7,000 per portrait from his clients, but paid Resnikoff \$250 to \$300 to paint them.

Internal Revenue Service attorney Marvin Gutter, the IRS is trying to collect \$40,000 in personal-services taxes from Fox, who contends that he doesn't owe it because he operates as a corporation, Charles J. Fox Inc., and should be taxed at the lower corporate level. Some of C.J. Fox's subjects John F. Kennedy, the late Supreme Court Judge Louis D. Brandeis, the late J. Edgar Hoover and William Randolph Hearst.

Logan, Utah, was blacked by a peacock for 54 minutes which is a record of some sort. The peacock owned by the city and resident in a park, wandered into an electrical substation and managed to trip all four circuit breakers. The peacock did no survive.

In Colombo, the 31-year-old daughter of former Prime Minister Sirimavo Bandaranaike has married one of Sri Lanka's popular film stars Chandrika Bandaranaike, a graduate of France's Sorbonne, married Wilaya Ku maranathan in a private ceremony.

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## A Special Report

INTERNATIONAL  
**Herald Tribune**  
Published with The New York Times and The Washington Post  
PARIS, MARCH, 1978

# FOCUS ON AUSTRIA

## Detente Is Vital for the Nation's Prosperity

### Troubled Outlook Major Economic Indicators Point to Declining Growth

By Douglas Sutton

VIENNA (IHT)—A cartoon in a recent issue of a local newspaper summed up the Austrian economic outlook for 1978: Chancellor Bruno Kreisky is shown trying to coax the economy, symbolized by a piggy bank, to jump through a ring of fire.

No one in this country is pulling the pants button—yet. At there is no doubt the Austrians are worried about their economic future. After making strong recovery in 1976 from the 1975 recession, the Austrian economy steadily slowed down as 1977 wore on.

By the end of last year, all the major economic indicators pointed to declining growth rates and a outlook for 1978 spelled more trouble. A recent report by the Austrian Institute for Economic Research (WIFO) predicted a 1% growth this year of only per cent, compared to 3.5 last year and a 5.2 increase in the WIFO in 1976.

In addition, unemployment is expected to increase in 1978. As Austria can still expect sizeable deficits in its balance of payments and foreign trade.

#### Deficits

Along with the rise in federal deficits, Austria's current accounts have also been in the red. (Current accounts include balance of trade plus revenues from other sectors.) In 1976, the deficit was \$300 million; the next year the current account deficits totaled \$15 billion, while last year the deficit was an estimated \$2.75 billion, or nearly 5 per cent of the GNP.

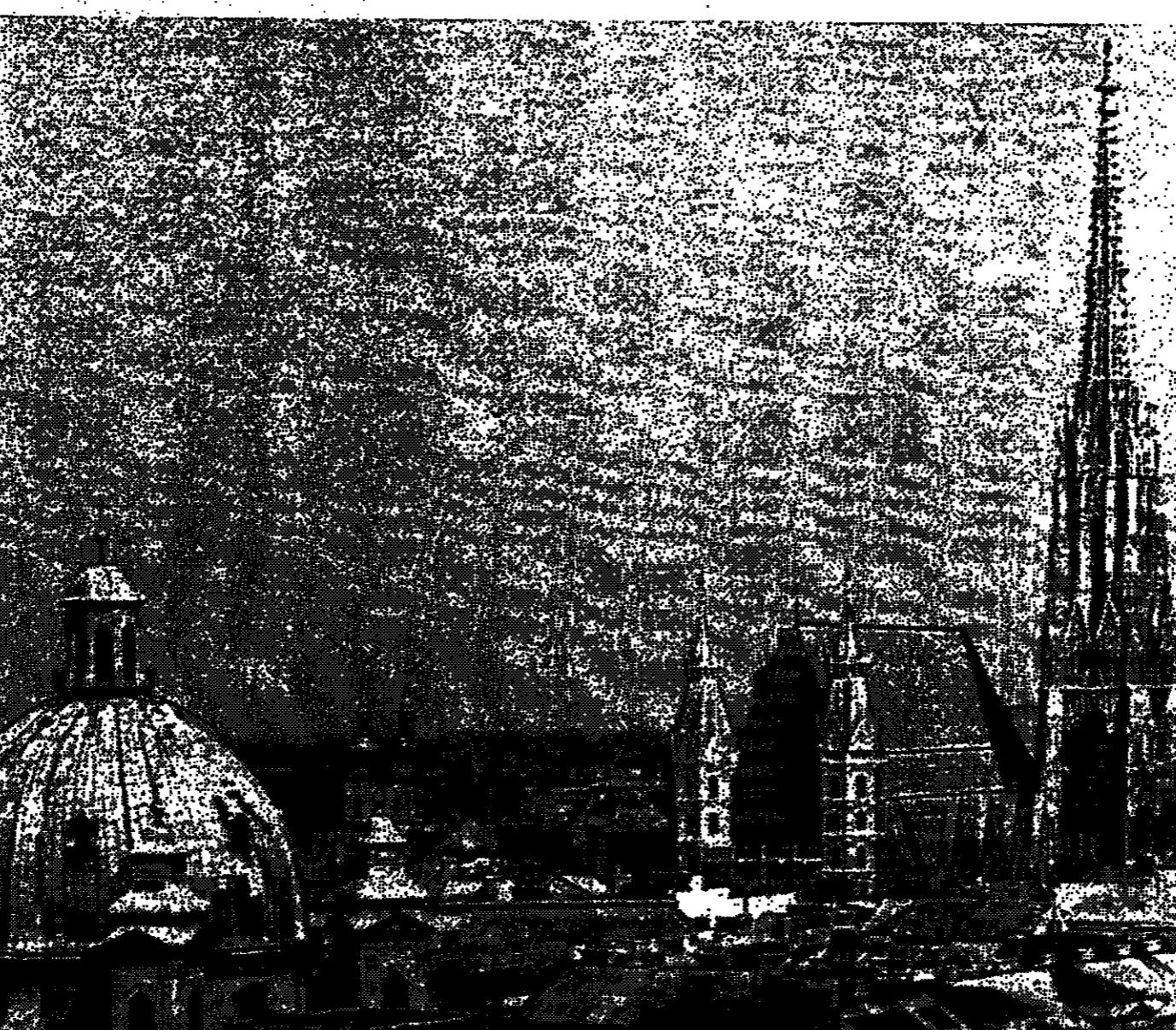
Austria's economic woes have been further exacerbated by steadily rising foreign trade deficits, which last year hit a record \$4.4 billion, an increase of 35.4 per cent over the 1976 trade deficit.

Negative trade balances are nothing new for Austria; but in contrast to previous years, revenues from the services sector and the tourist industry are no longer coming close to equalizing the trade deficits.

The Austrian government's view about the reasons for the country's current economic and foreign trade problems was summed up in an interview by Minister of Trade, Commerce and Industry Josef Starhemberger: "The worsening of our economy is almost totally influenced by the worsening of the economies in Western Europe."

The OECD report generally backs up this view. It said that a major reason for Austria's rising trade deficits is that Austrian demand for import goods has been increasing at a faster rate than the demand of other nations, particularly West Germany, for Austrian exports.

Moreover, because the schilling is closely pegged to the value of the deutsche mark, Austria's currency has gained against other Western currencies, making it



Medieval steeple of St. Stephen's Cathedral rises over the modern capital.

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of distrust.'

—Chancellor Kreisky

These are the major points of our foreign policy.

Q—Concerning the Middle East, do you think Israel would agree to a Palestinian state on the West Bank?

A—In international politics all things are possible. I can't picture

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indeed, efforts are already being made in Austria's nationalized industries, which account for about 18 per cent of industrial employment and 25 per cent of output, to rationalize their production. Particularly the steel firm, Voest-Alpine AG, with estimated losses of up to \$42 million last year, has had to take

(Continued on Page 4)

PAGE  
RE CLASS

By Thomas C. Lucey

VIENNA (IHT)—East-West relations, an unusual complication for Egyptian President Sadat and why Austria must get into auto production, and other topics are covered in an interview with Chancellor Bruno Kreisky by Thomas Lucey of The International Herald Tribune.

IHT—You are very active in international affairs, not only in Europe but also in the Middle East. Chancellor Kreisky, what is your country's view of the Arab foreign policy, and what you expect to be the emphasis in 1978?

Kreisky—Austria's foreign policy is that of a neutral country. It is first of all directed towards continuing detente, it is completely natural for a country that does not belong to a bloc system. Such a policy is important for neutral countries, we were very concerned about it in Helsinki and again in Belgrade.

Second, where we are situated, the middle of Europe, makes necessary to have a policy of normalizing our relations with the East European states.

Q—What is normalizing relations?

A—Normalizing that means psychologically that the West has a maximum of trust in us, and partners in the West, a minimum of mistrust.

The next important matter in foreign relations is European cooperation. As a neutral state, we only participate in a limited way in European cooperation, but naturally we are interested in it. There is European cooperation between us and the EEC, on the

one hand, and between the West and the East, on the other. We have a free-trade treaty with the Common Market, and we have a very large East trade.

Finally, it is in our interest that there will be peaceful coexistence in the Middle East. There can be no effective detente in Europe

if there were to be an agreement between Israel and Egypt on the terms of peace, then many of the Arab nations, the important ones, would more or less accept that solution.

Q—Recognized by all the Arab nations?

A—All the Arab nations—or at least, the important ones. Primarily, Israel's neighbors. I don't consider the Palestinians real enemies of Israel. If a Palestinian state were to be set up next to Israel, I believe it would be a guarantee, a chance for peace, because these two states would have a need for a large measure of cooperation.

Q—You have known President Sadat for a number of years. Was his decision to undertake his peace initiative, to go to Jerusalem personally, something he had planned for some time or was it an impulsive move?

A—Basically, Sadat had considered it for a long time. He wanted to talk with the Israelis, as he indicated to me a year ago.

But the direct action, that was spontaneous, although the idea had been deeply fixed within him.

These are signs of strength—spontaneity and intuition. Great political leaders have always had a tendency to spontaneity. Winston Churchill, for example. Not spontaneous in the pejorative sense, of course, but spontaneous in big things, spontaneous from within.

One thing is certain after Sadat's action. The Israeli people know today they can have peace, but in any case, not on their terms, but on terms considered by the whole world as right.

The situation needs a quiet transmission.

Communists would profit from the chronic unemployment in the West, but you have said that reaction feeds on unemployment, that unemployment brings a shift to the right.

A—Experience shows that in an economic crisis, right-wing extremists profit. Look at Germany and Italy in the thirties. The danger is not so immediate as long as the memory of the Nazis is alive. When this memory fades, when no one in politics has a memory of that situation, then it can be dangerous.

We are shocked by the phenomenon of terror, but look at the systems where those who think differently are eliminated or jailed. These systems express a massive terror. Organized terror comes from the state, the French called the Reign of Terror.

State power must be strongly controlled, placed under law.

Q—which brings us to the issue of human rights. You have said that you thought President Carter's campaign for human rights impressive but felt it could damage the quiet ways of helping people in authoritarian societies.

A—in the present situation, smaller countries such as Austria must use quieter methods.

Q—Hasn't the President's handling of this issue been disappointing?

A—No, I believe it has helped to protect the opponents of the regime from the worst. It has in any case, been partially successful.

Q—On internal Austrian affairs, the Organization for Economic Cooperation and Development (OECD) has issued a report on the state of the Austrian economy. The report concludes that the Austrian economy is in a difficult situation, with high inflation, high unemployment, and low economic growth. The report also notes that the Austrian government has taken some steps to address these problems, such as reducing public spending and increasing taxes. However, the report also suggests that more needs to be done to improve the economy.

### State Plays Leading Role Among Neutral Countries

By David Hermsen

VIENNA (IHT).—If there is one feature that Austria wants established in international awareness it is the country's independence. Ever since the State Treaty of 1955, which marked the end of the postwar occupation and restored full sovereignty to the country, the Republic of Austria has been making herculean efforts to live down its more recent past without disavowing its largely unashamed imperial and royal history.

#### This Section

This special report was prepared and written by Thomas C. Lucey with Darrel Delamade, David Hermsen, Alan Levy, Ernie Reed, David Stevens and Douglas Sutton.

The Austrian schilling has a current value of 14.50 to the dollar.

special arrangement with the Common Market abolishing nearly all customs tariffs while avoiding the other obligations of the Treaty of Rome which could be interpreted as infringing Article 4 of the State Treaty prohibiting any union with Germany.

Austria manages to remain ideologically fixed firmly to the Western camp—with no official position on the individual citizen to be neutral in his views—while at the same time maintaining cordial links with the Soviet Union. The Soviet agreement to grant Austria its State Treaty during the frosty days of the cold war showed the way to a period of detente which has become more vital than ever to Austria's continued prosperity. And this despite the fact that the country's Chancellor Bruno Kreisky makes no bones in public about his brand of social democracy being absolutely the opposite of Communism.

This has not prevented Austria providing a venue for the first round of the SALT negotiations and for the ongoing Mutual Force Reduction Talks between the Warsaw Pact and the NATO countries. Nor does it hinder Vienna being used as a base for more than 200 foreign correspondents covering Central and Eastern European affairs.

Never has Europe experienced such a long period of peace as since the end of World War II. Never has republican Austria flourished so much as it does now—notwithstanding several files in the cimenterium, such as the inflation rate, the balance-of-payments deficit, the energy shortage and so on. The prime objective of successive Austrian governments—and they have all been noncommunist Socialist ones since 1970—is to perpetuate this stability. Any rocking of the boat could be regarded as threatening the comfortable way of life of a population which hardly knows what poverty means and is cared for by social security from cradle to grave (at a phenomenal cost to the average taxpayer).

#### Parliament

And if one asks what credit can be given to parliament for this generally satisfactory state of affairs, the answer must be chosen cautiously. Ever since it was reconstituted in 1945 parliament, acting in plenary, has tended to be a rubber-stamp operation for decisions that are taken backstage, out of the public eye, in the various house committees. A good deal of public bargaining is also witnessed on the floor; it is true, but this can often be discounted chiefly as playing to the gallery when proceedings are being televised.

For almost all of its postwar life, the Austrian parliament has been in the safe hands either of a grand coalition with an overwhelming majority or—for the past seven years—of a small, but monolithicly disciplined Socialist majority which is unassassable between elections under the existing system of proportional representation.

The fact is that in addition to the written constitution there is a de facto situation in Austria (not wholly covered by constitutional law) which must be taken

(Continued on Page 9.)



# Finance Minister's Primary Goal Is to Ensure High Employment

By Darrell Delamaide

**V**IENNA (IHT).—Maintaining high employment, dampening import consumption while spurring domestic investment, continuing a flexible foreign exchange policy—are the leitmotifs of Austrian economic policy as described by Hannes Androsch, vice-chancellor, and finance minister, in a wide-ranging interview with the International Herald Tribune.

The 39-year-old minister, who has been responsible for the country's finances almost eight years already, is not too discouraged that Austria's above-average growth rate seems to be slowing down.

"The greatest possible growth isn't the primary goal of our economic policy in these times of a weak and problem-ridden world economy," Androsch said. "Our primary goal is to ensure high employment."

The country's faster growth in recent years represented in part a catching-up process, Androsch said.

And so, even though most projections put Austrian real growth this year at a probable 1.5 per cent, down from 3.5 per cent last year and 5.2 per cent in 1976, Androsch likes to lay greater stress on the relatively low unemployment rate.

"I don't think our chances are bad at all of going beyond last December's prognosis in a positive direction—I mean a lower inflation rate and somewhat stronger growth." And, he adds, "not such an increase in unemployment."

#### Inflation Rate

The Austrian Institute for Economic Research projected that consumer price inflation would sink to 4.5 per cent in 1978, from about 5.5 per cent last year. Unemployment, however, was expected to increase to 2.5 per cent from 1.8 per cent.

Androsch pointed out in the interview that the inflation rate was down to 4 per cent by the end of 1977 and may dip below the 4-per-cent level in the first quarter of this year.

In a speech before parliament in mid-January, the finance minister recalled that while average unemployment in the seventies has been 1.6 per cent, the jobless rate averaged 2.6 per cent in the sixties and 6 per cent in the fifties.

That speech introduced the 10-year structural investment program which has the federal government spending \$77 billion schillings (about \$35.5 billion) to create 130,000 new jobs.

Androsch told the International Herald Tribune that this program to stimulate investment is the counterweight to restrictive measures announced last October, including the 30 per cent value-added tax on "luxury" goods like auto cameras, furs and jewelry. Together, the measures should redirect funds from consumption of imported goods to job-creating investment and domestic production, he said.

The luxury tax itself acts like a selective "devaluation," Androsch said. "For the goods it affects, it is like a devaluation without the bad effect of a devaluation." Dampening import demand by an actual currency devaluation would have the



Hannes Androsch, Finance Minister

the payments of employers and employees.

Androsch said this move is designed to help the federal government reduce its new debt this year to 24 billion schillings (about \$1.6 billion) from about 31 billion schillings (about \$2 billion) last year.

The Socialist politician would not agree, however, that the sharp bite in buying power from the October measures marked a real setback in Austria's standard of living.

"Rather than call it belt-tightening, I'd say it's more a question of just not loosening your belt a couple of more notches this year," Androsch said. He added that much of the public seems to have accepted the measures with "understanding, if not exactly enthusiasm."

Androsch is quick to point out that improvement of the Austrian trade balance depends on the economic situation in the rest of the world, and most particularly in the country's giant neighbor, West Germany.

"I would be quite happy if Vienna reaches the 3.5-per-cent growth rate it's aiming for this year," the Austrian official said. "But I'm not sure it will. It will probably be a little stronger than last year's 2.5 per cent, but unless some impulse is forthcoming, I wonder if the growth will reach its target."

#### No One-Way Street

The finance minister emphasized that his country would

bad effect of quickening inflation, he noted.

Androsch explained that the VAT boost was made primarily to reduce the country's foreign trade deficit, which hit 68 billion schillings (about \$4.5 billion) last year. The prognosis for this year forces

## UN City: Quiet Diplomatic Tangle

**V**IENNA (IHT).—With the completion of the \$700-million United Nations complex called UN City this year, the city of Vienna will have made another step to re-establish its historical role as an international center.

What worries the Austrians, however, is whether their effort to join New York and Geneva as a UN center will be rewarded by a smooth transition of UN bodies to Vienna.

In the past few years, Austria and its capital have been involved in a quiet diplomatic tangle with the UN about which agencies should move into the UN City and when.

A recent UN resolution seems to have set some sort of timetable for transfers to Vienna. It is now clear that at least through the early 1980s, up to one-third of the local UN City will be empty.

Thomas Klessl, an Austrian representative to the United Nations, played down past squabbles with the UN and particularly with the city of Geneva, which had been seen as zealously guarding the various UN agencies located there.

#### Not a Threat?

"I think we have put aside their fears about losing so many people so suddenly," Mr. Klessl said. "We have tried to convince Geneva that Vienna is not a threat."

After completion, the UN City, a modern complex of six Y-shaped buildings, a circular In-

ternational Conference Center and several other facilities, located a few miles across the Danube river from downtown Vienna, will be turned over to the UN for the price of one schilling (about 6.5 U.S. cents).

The first move will be in the summer of 1978 by two agencies already located in Vienna: the International Atomic Energy Agency (IAEA) and the United Nations Industrial Development Organization (Unido).

Their combined staffs will occupy about 2,500 offices, leaving more than 2,000 offices in the UN City still vacant.

Through 1985, the two organizations are expected to occupy an additional 1,000 offices due to staff increases, while in the 1990s period 100 UN officials—50 from Geneva and 50 from New York—will move to Vienna each year.

The Austrians were taken somewhat by surprise at the reluctance of some UN bodies to come to Vienna, and with some justification. In the late Sixties, when Austria proposed building the UN City, the UN requested office space for 7,000 persons. The Austrian government took a more realistic view of the UN growth rate and convinced the UN that 4,700 offices should be sufficient.

It is probably better for both Vienna and the UN that the move of UN personnel to Vienna will be gradual. A recent report by a UN study group noted that improvements in Vienna's services

#### Correcting Clichés

Somewhat defensive about the problems noted in the report, Vienna is beginning a program to improve services for the international community. Wien International, the organization responsible for helping foreigners settling in Vienna, recently announced a campaign to correct some of the clichés foreigners have about Vienna and its inhabitants.

Problems with the UN City aside, Vienna can claim some success in attracting foreign interests. The Organization of Petroleum Exporting Countries (OPEC), for example, has had its headquarters in Vienna since 1965.

Last year, it moved its staff of about 100 persons into its own new office building in Vienna's second district.

—D.S.

like to improve its deficit position with its major trading partner. "I have tried to make it clear to them," he said, "that it cannot be a one-way street in such an important matter."

Androsch estimated that Austria supports the German economy with its deficit to the tune of about 150,000 jobs.

He noted that a traditional compensation for the trade imbalance between the two countries—indeed, a major offsetting factor for the overall trade deficit—is the huge influx of German tourists. While winter tourism has continued to grow, Androsch noted, summer tourism has fallen off.

West Germany, of course, isn't the only influence on Austria's trade and payments situation.

Androsch cited among other factors the "insupportable high" Japanese surpluses as responsible for world trade imbalances which affect Austria. "The Japanese

emphasized that the Austrian currency has not matched the West German unit step for step. "We're always just a little behind the deutsche mark," he said. When it goes up, we go up part of the way with it, as we've never kept up with the Swiss franc on its high flights.

Androsch said Austria would maintain a flexible policy. The future movement of the schilling would depend on the performance of other currencies, particularly the dollar and mark. "The deutsche mark has been the leader in Europe, but the pound, for instance, has a chance to play a stronger role now," he commented.

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emphasized that the Austrian currency has not matched the West German unit step for step. "We're always just a little behind the deutsche mark," he said. When it goes up, we go up part of the way with it, as we've never kept up with the Swiss franc on its high flights.

Androsch said Austria would maintain a flexible policy. The future movement of the schilling would depend on the performance of other currencies, particularly the dollar and mark. "The deutsche mark has been the leader in Europe, but the pound, for instance, has a chance to play a stronger role now," he commented.

—D.D.

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# The Gains Made in Exports Are Outweighed by Imports

**VIENNA (IHT)**—The development in Austria's foreign trade in the past few years is something of a good news-bad news story. The good news is that its country's export industry is shown steadily rising sales year; the bad news—and for Austria's economy, of overriding importance—is that imports have far outweighed the gains made by the export industry.

Official statistics for 1977 show that Austria's exports increased 6.4 per cent over those of 1976 for a total value of about \$4 billion, but imports jumped 14 per cent to \$14.2 billion.

The resulting trade deficit of about \$4.2 billion was an increase of 35.4 per cent above the 1976 trade deficit.

So much for statistics. What is worrying the Austrians is that though they have a fair idea how the trade picture got that way, they aren't yet sure how to start trying to change it.

## Limiting Imports

The Austrian government, aside from hoping that the economies of Austria's neighbors, particularly West Germany, will get moving again, is beginning to dictate a cautious policy of limiting imports.

Last November Austria partially rescinded previously granted favorable tariffs on imports from countries not belonging to the European Free Trade Association (EFTA) or the European Economic Community (EEC). It also introduced trade restrictions for low-priced textiles from some developing countries and on agricultural products.

The Ministry of Foreign Trade is also drafting regulations to make it easier for Austrian firms to initiate anti-dumping procedures against cheap import goods. The ministry says the new regulations will fall within the guidelines of the General Agreement on Tariffs and Trade (GATT).

Most important, the value-added tax (VAT) on certain luxuries, particularly automobiles and stereo equipment, was raised on 18 to 30 per cent effective Jan. 1.

According to the Minister of Trade, Commerce and Industry, Josef Starbacher, to try to improve the country's trade balance is not a trend toward protectionism.

On the export side, the competitiveness of Austrian goods in foreign markets is an area which the Austrians are most worried about. Two factors have combined to make Austrian goods difficult to sell abroad:

Because the schilling was in 1973 until recently closely tied to the value of the deutsche mark, the Austrian currency has been, in effect, revaluated against other Western currencies. A recent report by the Federation of Austrian Industrialists, for example, said the schilling gained 7.8 per cent against the U.S. dollar in 1977, 10.6 per cent against the French franc, 11.2 per cent against the pound and 13.8 per cent against the lira.

Austria's National Bank not long ago began a gradual de-linking from the deutsche mark, letting the schilling's value with number of other currencies. But

the deutsche mark remains the dominant orientation for the schilling will not go along."

Trade Minister Starbacher predicts "there will be no—or should there be—devaluation of the schilling" this year, but added that there will be one important deviation from the hard-currency policy of the past. If the deutsche mark should start

to make sudden steep gains, "the schilling will not go along."

The second factor hurting Austria's export competitiveness, according to recent reports by WIPO and the Organization for Economic Cooperation and Development (OECD), is that Austrian exports have become more expensive than foreign industrial products. Meanwhile, import pro-

ducts have become cheaper than Austrian-made industrial goods.

The increases in the values of the schilling and of prices for Austrian products and the declining rate of industrial expansion by Austria's trading partners have helped stimulate the Austrians' appetite for foreign-made industrial and consumer products.

The fortunes of Austria's foreign trade are pretty much determined by the European Eco-

nomic Community, particularly West Germany. Since 1972, Austria has had free-trade agreements with the EEC and the European Community for Coal and Steel Union calling for step-by-step reductions in import tariffs on a wide range of products.

Those agreements were further augmented last July 1 by the termination of all remaining

tariffs except for those on certain sensitive products, such as paper, special steels and agricultural items.

Austria is not complaining about its trade with the EEC, but it wants to reduce its deficit. Last year, Austrian exports to the EEC increased by 12.9 per cent, for a total value of about \$4.8 billion, accounting for nearly half of total exports.

But imports from the EEC rose 17.5 per cent to \$9.2 billion, accounting for more than 60 per cent of Austria's total imports.

Of the resulting trade deficit of \$4.3 billion, the trade deficit with West Germany accounted for about three quarters.

Some progress is being made in the two other problem areas, steel and sensitive products. Negotiations are continuing between EFTA and the European Coal and Steel Community. The latter's basic prices formula on steel products are a major problem for Austria's steel industry, which is dominated by the state-owned Voest-Alpine and its subsidiary, the Vereinigte Edelstahlwerke (VEW).

New tariff reductions on certain sensitive products as special steels and paper and paper products went into effect Jan. 1. It is too early to tell what effect they will have on Austrian-EEC trade.

The increase in Austria's trade with the EEC comes mostly at the expense of its trade elsewhere.

Exports to the other EFTA countries declined in 1977 by 1.2 per cent while imports increased by 8.2 per cent, resulting in an Austrian deficit of just under a quarter of a million dollars.

Meanwhile, trade with the Communist countries in Eastern Europe and the oil-producing nations in the Middle East continued to show slow but steady growth.

Burting Austria's agricultural trade with the EEC the most are EEC import restrictions on cattle. Agricultural Minister Guenter Halden recently pointed out that in 1973, the first full year of the Austria-EEC free-trade agreement, Austrian cattle exports were 76,000 head. Last year, Austria was allowed to export just over 14,000 head.

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—D.S.

## Losing Ground to the West in Trade With East Europe

**VIENNA (IHT)**—If there is one area in its foreign trade relations for which Austria can claim a pioneering role, it is in commercial relations with the Communist countries of Eastern Europe.

Austria's geographical position, political neutrality and its traditional commercial importance to Eastern Europe gave the country a head start during the Cold War era in building trade ties with Eastern Europe's counterpart to the Economic Community, the Council for Mutual Economic Assistance (CMEA), or Comecon.

During the fifties and even up through the early sixties, Austria served as a kind of back door in East-West trade. Communist-made goods trickled into Western markets through Austria. Many Western firms called on Austrian expertise in making their first efforts to sell to Eastern Europe.

### Losing Ground

But the situation has changed. In the years before, but especially just after, the beginning of political détente, trade between Western nations and Comecon showed a strong upward swing. In the process, Austrian companies began to lose ground in East-West trade to the multinationals and huge concerns in Western Europe, the United States and Japan.

Austria still shows a surplus in its overall trade with the East, but the surplus has been diminishing. In 1976, the Austrian surplus came to nearly \$300 million.

In 1977, Austrian exports to Eastern Europe increased by just 1.7 per cent, while imports went up by 5.5 per cent, resulting in an Austrian surplus of just more than \$100 million. Moreover, a recent study by the Institute for International Comparative Economics predicted that instead of running surpluses, Austria may have deficits in trade with Comecon exceeding \$100 million by 1980.

One reason for this pessimistic outlook is found in the structure of Austria's Comecon trade. Comecon exports account for one third of Austria's fuel and energy imports and one seventh of agricultural imports.

While it is not likely that Austria could easily cut down on these imports, the reverse is not true. Austrian exports of semimanufactured and finished manufactures are areas where the Comecon countries are gradually becoming self-sufficient.

Another reason for pessimism is that, as in other areas of foreign trade, Austrian companies are having trouble with Western competition.

It is not necessarily the quality nor the price of Austrian prod-

ucts that is hurting exports to Eastern Europe, but the current conditions in East-West business relationships.

Estimates put Comecon's hard-currency debts to Western countries in the \$45-\$50 billion range. The debt load has led to East European insistence that Western firms make counter-purchases of goods and equipment to offset partially the price of the products bought from the West. The East European countries are always on the lookout for large credits at the best possible terms to finance their imports from the West.

It is generally agreed that large companies can offer better credit conditions and can absorb East European counter-deliveries better than small firms. Most Austrian companies are small firms.

The Minister for Trade, Commerce and Industry, Josef Starbacher, admitted that Austrian exporters are having problems. "Our exporters are saying that they often cannot match the conditions (of credits and counter-purchase commitments) that other Western companies are offering CMEA enterprises," Mr. Starbacher said. "Although our volume of trade with the CMEA is increasing, unfortunately we must recognize that our share in these traditional markets is declining."

The study mentioned above said that Austria's share of the Soviet market in the sixties was 4.3 per cent. By the end of 1977, Austria's market share in the Soviet Union was less than 3 per cent.

In the remaining Comecon countries, Austria has about held its market share. In 1970, Austrian firms had a 7.7-per-cent share in the smaller countries, compared to last year's 7.5-per-cent share.

In overall foreign trade exports to Comecon account for just more than 14 per cent of total Austrian exports. Comecon exports to Austria account for about 9 per cent of Austria's imports.

These figures do not include the trade with Yugoslavia, which is only an associate member of Comecon. Including trade with Yugoslavia, Austria's exports to Eastern Europe amount for nearly 18 per cent of total exports.

Wilhelm Hendriks, director of Allgemeine Finanz- und Warenhandlung AG, a specialized company which helps firms dispose of the goods they have to buy back from Eastern Europe, believes that counter-purchases abroad are not hurting the small Austrian companies.

"Let's face it, buy-backs are a pain in the neck, but no more so for Austrian firms than for other Western companies," Mr. Hendriks said. "What is happening

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# Foreign Investors Own a Nominal 20 Per Cent of the Economy

**VIENNA (IHT).**—It was perhaps a natural slip of the tongue when a top German businessman in a press conference last year referred to the "federal state, Austria" instead of "the federal states of Austria."

Although such remarks are sensitive historically, the economic influence of the giant neighbor to the north sometimes makes Austria look like the 11th state of the German Federal Republic, just slightly more perverse than bordering Bavaria.

Not only does 40 per cent of Austria's imports come from West Germany but the Federal Republic heads the list of foreign investors, who altogether own a nominal one-fifth of the Austrian economy.

Statistics do not begin to tell the story of the pervasiveness of foreign investment in Austrian life because so many household products, from clothing to detergents, bear names familiar in any German home. Sometimes it seems to the Austrians as if everything but the skies under their feet are the product of foreign capital.

It is not surprising, with Germany having three of the world's largest chemical companies, that German investors play a leading role in this key industry in Austria. And the fact that Siemens, one of the world's largest electrical and electronic companies, sits just a couple of hundred kilometers from the Austrian border makes it seem natural that this industry, too, is dominated by foreigners.

Of course, it is not just the Germans. The Swiss—with their chocolates, chemicals and pharmaceuticals—also are heavily engaged in Austria. And the American Challenge reached even into this corner of Western Europe.

Following World War II, it was primarily American capital which helped Austria gear up its economy. The country was under-industrialized due to an accident of history. The heavy industry of the Austro-Hungarian empire had been concentrated in present-day Czechoslovakia. After the first war, the new Austria never could seriously industrialize because of the Depression. Industry during the Hitler period consisted almost exclusively of armaments.

other Europeans during the sixties.

The figures showing the nominal value of foreign direct investment put Germany on top with 27.7 per cent of the investment, the U.S. with 18.5 per cent and Switzerland with 15.5 per cent. Sizable investments were attributed to Great Britain, Belgium, Italy, France and Sweden.

Ferdinand Lecina, an economist at the chamber and co-author of the 1970 study, says there's been

little change in the proportions during the intervening years, although Swiss investment has surpassed that of the United States.

Although no subsequent studies of the same depth have been attempted, Mr. Lecina says the inflow of foreign capital slowed noticeably during the seventies. In fact, he says, repatriated profits now exceed capital inflows so that there is, in fact, a net capital outflow.

Mr. Lecina says foreign invest-

ment trends have clearly stabilized. Günther Tichy, economist at the Girozentrale Bank in Vienna, says foreign capital no longer plays a dynamic role in the Austrian economy.

A variety of reasons are given for this slowdown. The Austrian market is saturated. The importance of Austria as a middleman in East-West trade declined sharply with Germany's Ostpolitik and normalization of trade relations.

But clearly the biggest reason is the huge jump in wage costs, through a combination of successive double-digit pay hikes and steady appreciation of the schilling. The same factors that have hurt Austrian export products make the country less attractive to foreign capital. Germans and other Europeans now put their money in developing countries or the U.S., while Americans or other non-Europeans looking for a European

production base go to Ireland, England or Spain.

The lack of foreign interest is surely mixed at times. A glaring example is Austria's ongoing chase after a very elusive chimera—a car factory. Although economists question the wisdom of an auto assembly plant—which, after all, does not involve much production—the chase, whose chief champion is Chancellor Bruno Kreisky himself, continues.

But plans for an Austro-Porsche

fell through late last year when the renowned German carmaker balked at the insufficient marketing and service network in Austria and showed an aversion to putting the Porsche name on the Austrian product.

Subsequent talks with Chrysler Corp. also seem to have reached a stalemate. It seems Austria will have to content itself for the time with a minority interest in an auto-parts factory planned by Renault in Styria. —D.B.

# Banks Play a Large Role at Home and a Modest One Abroad

**VIENNA (IHT).**—Banking in Austria is big business—in a small way. The banks play an important role in national economic and political life and there is intense competition among the different sectors. But Austrian banks are small on an international scale and play a correspondingly modest role in international finance.

The biggest credit institution is Creditanstalt-Bankverein, a joint-stock bank with total consolidated assets at the end of 1976 of 1.7 billion schillings (about \$61 billion). While this represents 10 per cent of Austrian bank assets, it only enabled Creditanstalt to rank 47th among European banks.

Girozentrale und Bank der Österreichischen Sparkassen, the central bank for Austria's savings bank sector, was No. 2 domestically with assets of \$4 billion schillings (about \$1.6 billion), but only 71st on a European scale. Third in size is the Österreichische Länderbank, with a balance sheet volume of \$6 billion schillings (about \$4.4 billion), No. 83 in Europe.

Together, the Big Three represent one-quarter of bank assets in Austria. But if banking is more concentrated here than in neighboring West Germany or the United States, Austria compares favorably with countries of the same size. A ranking by "The Banker" shows Austrian banking to be much less concentrated than that in Switzerland, the Netherlands or Belgium-Luxembourg, according to measures of the total assets of the three biggest banks

against GNP, population and industrial customers.

The Girozentrale heads a network of more than 700 savings banks with their branches. The cooperative banking sector, headed by the Genossenschaftliche Zentralbank (Austria's fourth largest bank), has more than 2,000 places of business. In addition, there is a garden variety of private banking houses, mortgage institutes, Volksbanken (trade banks), consumer credit agencies and building societies.

Altogether, Austria had more than 3,500 banking outlets by the end of last year, or one for every 1,326 inhabitants. In 1976, the

last year with comparative statistics available, Austria had one outlet for every 2,003 residents, compared with one for every 4,574 persons in the United States and one for every 4,420 in West Germany.

The trend is decidedly in the direction of even greater saturation, and the proposed banking law is likely to accelerate the proliferation of branches. The government's new bill on the credit business, which essentially brings the law up to date with the practice, effectively removes any restrictions on branching.

The commercial banks as well

have been pushing for this liberalization because the battle for market share has forced the banks to seek customers traditionally belonging to other banking sectors. Economists claim that Austria, theoretically at least, is already "overbanked," but the commercial banks are likely, for prestige reasons if nothing else, to continue branching out.

Physical presence is the proven method of gaining retail banking customers, and this is what the commercial banks are seeking, following the move of savings banks and cooperative banks into wholesale banking.

This shifting of the customer structure among banking sectors

parallels the trend in Germany, which has a similar banking system. Big banks are becoming "universal" in their services and customer structure and forcing asset growth while scrambling for deposits.

Günther Tichy, an economist at Girozentrale, sees this new development as the third stage in the postwar market segmentation in Austrian banking. In an enlightening study of Austrian banking published last August, Mr. Tichy sees the shifts in market shares between the major banking sectors up until now due primarily to historical and economic factors.

In the years immediately fol-

lowing the war, industry was quicker to need and use banking services. In 1953, commercial banks had 47 per cent of all bank assets, while savings banks held only 22 per cent and cooperative banks only 7 per cent.

By 1960, private banking assets were more normal; the commercial bank market share slipped to 33 per cent, while savings banks rose to 27 per cent and cooperative banks to 14 per cent.

In the period 1960-75, as the smaller customers traditionally served by the savings banks and the agricultural credit unions making up the bulk of the cooperative sector grew more prosperous, these sectors could grow and keep pace with commercial bank growth. The cooperative banking sector could even increase its market share to 18 per cent by 1975.

It is only, Mr. Tichy says in his study, as the natural dynamics of postwar recovery and increasing customer prosperity played out that banks began devising marketing strategies to steal customers away from the other sectors.

The new credit law, which is to become effective at the beginning of next year, clarifies the rules of the game and puts the sectors on fairly equal footing for the market-share struggle.

Besides competition, the other preoccupation of Austrian banking is politics. Politicization of banking in a small country is almost inevitable, especially when the two biggest joint-stock banks, Creditanstalt and Länderbank,

are majority-owned by the government and such democratic sectors as savings banks and cooperative banks play such a big role.

Banks are divided into red and black camps and even the top posts within the same bank are held by bankers of different political colors. Not surprisingly, the flow of personnel between banking and politics is regular. The chairman of the opposition People's Party, for instance, headed the Girozentrale before he was elected to his present position in 1975. At the end of January, Stephan Koren left his job as leader of the parliamentary opposition to become president of the Austrian National Bank, an appointment by the Socialist Chancellor Bruno Kreisky.

Domestic preoccupations with market shares and politics, as well as their modest size on an international scale, have kept Austrian banks from strong engagement in international banking. Then, too, there is the naturally conservative bent in the Austrian temperament. Trade, of course, provides the biggest international involvement.

Foreign assets of Austrian banks rose from 7.7 per cent of total assets in 1970 to 12 per cent by the middle of the decade. But this proportion doesn't show many signs of growing further as the banks involved seem content to let international business grow proportionally. It is above all the joint-stock banks which are involved, with 28 per cent of their assets abroad.

—D.D.

## Economic Indicators Point to Declining Growth

(Continued from Page 1)  
stiff measures to try to begin a turnaround.

The Austrian government's program to baffle the country's economic problems, announced last fall, is a mixture of measures to cut the federal deficit by some \$520 million and increase revenues through various tax measures that will put greater burdens on the individual and private enterprise. At the same time, the government announced a 10-year investment program of more than \$35 billion for improvements in construction, agriculture, research and development and other industrial sectors.

One measure, raising the value-added tax (VAT) from 18 to 30 per cent on certain luxury goods effective Jan. 1, was generally regarded as necessary to try to stem imports of such consumer durables as automobiles and stereo equipment. Austrian imports of more than 450,000 foreign cars in the past two years by large-sized companies, said the government's tax and investment proposals had caused a "confidence gap" in private industry. He told a recent parliament session that a "credible change" in the direction of the government's economic policies should necessarily include a "reduction of taxes on investments and (of those) on the export industry."

Industry is also hoping that the country's 16 unions, organized under the powerful Austrian Trade Union Federation, will

moderate their wage demands this year. Recent wage settlements have already shown a trend toward compromise, with pay rises ranging from 5.5 to 6.1 per cent—somewhat less than the unions' bargaining formula of the rate of inflation (1977: 5.51 per cent); plus 1 to 2 per cent, but more than what industry would like to pay.

These settlements point to what may be Austria's best hope in getting through the economic troubles: The high degree of social cohesion provided by the Sozialpartnerschaft (social partnership) between industry, represented by the Federal Economic Chamber, and labor, represented by the Austrian Trade Union Federation.

the one hand while at the same time making plans for long-term investments. Hans Igler, president of the Federation of Austrian Industrialists, an organization made up of medium to large-sized companies, said the government's tax and investment proposals had caused a "confidence gap" in private industry. He told a recent parliament session that a "credible change" in the direction of the government's economic policies should necessarily include a "reduction of taxes on investments and (of those) on the export industry."

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You will always find  
an Austrian Trade Delegate  
around the corner



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## VOEST-Alpine, Industrial Giant, Looks to World Markets

**INZ** (IHT)—The giant of Austrian industry is the iron and steel group VOEST-Alpine AG, one of the world's leading steel producers. It provides almost all the crude steel in this country.

VOEST dates back to the Herkunfts-Görlitz Reichenwerke AG, built here in 1858. Nationalized in the 1946 move to gain Austrian influence over former German assets, the company underwent massive change as part of the reorganization of the nationalized industries in the early 1970s. Four iron and steel companies became one, VOEST-Alpine, with two subsidiaries. The subsidiaries, refined steel producers, became the Vereinigte Eisenhüttenwerke AG (VEW—United Refined Steel Works) in the mid-seventies.

The largest industrial enterprise in this country and the parent company of the combine, VOEST-Alpine has 11 production plants in Austria and employs about 30,000 people. For more than two decades, the firm's name has been linked worldwide with the LD oxygen-top-blowing process, which was developed at its Linz and Donawitz plants (hence LD), and which accounts for about half of the total world crude steel production. Licensing expired in 1974. Now VOEST-Alpine sells know-how for the process.

Highly diversified, the company also turns out chemical and petrochemical equipment, bridges, mining and tunneling machines and, through its engineering and equipment division, plants, builds and supervises industrial plants all over the world. Last year, exports accounted for 67 per cent of total sales, which were 26.8 billion schillings (about \$1.8 billion).

VOEST-Alpine has not been spared the effects of the worldwide steel crisis. How it cut back newly increased production and its plans for the future are discussed by the new chairman of the board, Herbert Apfalter, in an interview at the combine's main office here with Thomas C. Jolley of the International Herald Tribune.

Q.—What is your total steel capacity now?

A.—Five million tons, but our

production is less than four million tons, so the effective capacity is less than 80 per cent. Our high point was in 1974, with 100 per cent. But you have to consider that our five-million-ton capacity was first reached with our new blast furnace, in 1977. The planning and investment time span in steel is relatively long. Our previous capacity, before the furnace was about four million tons.

Q.—What capacity do you expect to work at in the future?

A.—For 1978, we expect the same capacity as in 1977, or between 70 and 80 per cent. For beyond that, we don't expect any essential increase, because we must fear that industry is not able to use what we can produce. So, we will keep the capacity we now have, well frozen.

Especially with the currently available amount, we will specialize and go for the highest quality, to fully use the export possibilities for steel production. Fifty per cent of our mass steel production is for domestic use, sold directly to nearby works.

The goal of this company is to emphasize steel processing and building industrial plants.

Q.—How much of your capacity is devoted to building industrial plants?

A.—That is a very important point. It is future-oriented. It is between 20 and 30 per cent of our capacity, almost all overseas.

We intend to increase this in the next years by 50 per cent, although the prices may be higher, so that mass steel production will be only 50 per cent. We hope we are able in the eighties to raise the share of building industrial plants to about 50 or 60 per cent. That is, machine making; steel construction, finished steel products and, especially industrial plants.

Q.—Are you very active in Cuba?

A.—Yes. VOEST-Alpine is strongly involved in refined steel in Red China. We hope, on the basis of the changes in the internal political situation there, for the chance to increase our exports, especially finished prod-

ucts and complete plants. Remember, we delivered a steel plant to China ten years ago, so we have a good start in this area.

Q.—When you build a plant overseas, do you usually build and leave or?

A.—That depends on what the customer wants. When we build in industrial countries, we do build and leave. In developing countries, we can train people, send our own people to run the plant for a long period, giving the customer a long start-up time to guarantee 100 per cent satisfaction with the new plant.

Q.—Overseas, you are active in China?

A.—At that time, ten years ago, we delivered, built and put the steel plant into service. The Chinese took it over, and it functions very well.

Q.—Austria is seeking to have diplomatic relations with Cuba.

Will you go there, too?

A.—We have been in Cuba for



a long time. Industry is usually ahead of diplomacy. We have built industrial and agricultural plants with our subsidiary, VEW,

and achieved good results. We converted molasses to alcohol and built food processing plants.

Q.—Is this a first in Austria?

A.—Yes, and it shows the ability of the nationalized industry to take action when necessary. And quickly.

The representatives of the employees were 100 per cent agreed that this action had to be taken.

That is a special characteristic of the Austrian economy, the willingness to share responsibility.

Q.—Here, at the parent company, you have started to retrain workers.

A.—We started training in November and December. It depended on the situation in the individual departments. There was training—further education—and retraining for new jobs.

In some cases, this was carried out on the job. Here in Upper Austria, in the Linz area, we carried out training by radio.

Every day there were two lectures on radio, an hour in the morning and an hour in the afternoon, and the workers could

stay at home and listen. That was the first time this was done in Austria. It's an Austrian invention.

Fifteen thousand workers were involved, and we were in no position to put them all into lecture halls or classes.

The lectures were on the normal regional program, and even the people who didn't work here enjoyed it.

This was only for two weeks. We had put all the contracts we had on hand together, fulfilled them and then gave these 15,000 workers two weeks for the classes on the radio. The first lectures were held on six days—they were specially prepared for this—and now we have a series for ten days available. The first lectures were on the International Standard System that was introduced in Austria on January 1. The second series covers the individual jobs in relationship to the overall process. It provides the worker with the technological background of his job.

During the radio lectures, workers could call in directly to ask questions and get an immediate answer. We had a very lively participation. More than 90 per cent of the workers actively listened to these lectures. Outstanding!

Q.—You probably had more workers listen to the radio lectures than would normally come to work?

A.—That's right. With an absence quota of about seven per cent, we had a higher percentage for the radio lectures.

An institute is now evaluating the questionnaires to see how much each worker learned this way. But if the market reaches the level we expect, we will not have to do this again.

We have also had complete retraining, but this was more limited. In a two-year program that started in mid-1977, about 1,500 to 2,000 workers are involved.

In addition to those who were retrained, VOEST-Alpine also cut back its work force by about 2,500 foreign workers when their contracts expired. In all, the combine has reduced its employees by about 4,000 since 1974.

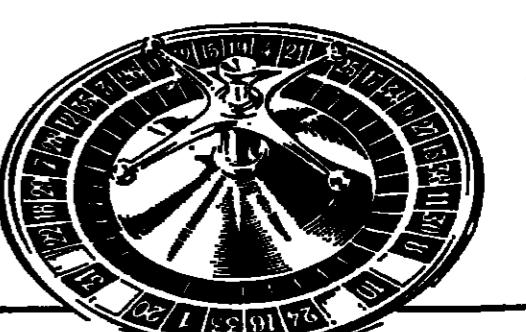
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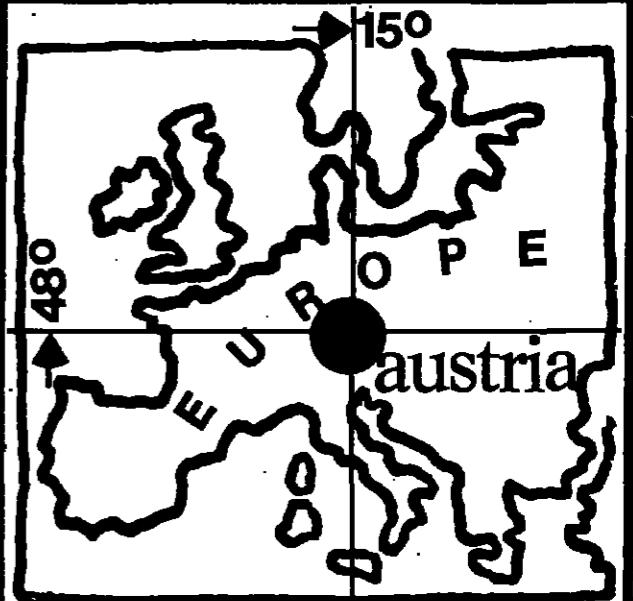
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## Future of First Nuclear Power Plant Remains Uncertain

By Ernie Reed

**V**IENNA (IHT).—One of the big questions confronting the Austrian energy situation is if and when the nation's first thermal nuclear power station will go into operation. Other problems are the amount of crude oil that must be imported and the development of more hydroelectrical power stations.

Some experts here feel that the planners put the cart before the horse when building the \$3-billion nuclear power station at Zwentendorf, about 20 miles northwest of Vienna. While there are constant protests by Austrian anti-nuclear groups, still the more important issue has hinged so far on Austria's failure to find a place to dispose of its nuclear waste. It has sent representatives to Iran, the United States and elsewhere but apparently no country wants another's waste, especially when it contains elements considered as dangerous by many. Nevertheless, the issue must be solved if the country is to use nuclear power to cut down on its imported energy needs, which amounts to about two-thirds of the total.

A government economic expert pointed out that the Zwentendorf plant is supposed to operate about 6,000 hours per year, and during this time, its output of 4.2 KWh will almost equal the production of about four Danube hydroelectrical power stations, which each annually turns out about 1.3 billion KWh of electricity. Also the plant will reduce the use of some of the older thermal power stations which are more expensive to operate because they need crude oil that is becoming more expensive. He also said that if the Zwentendorf plant goes into operation, it will compensate for the rise in energy demand for the next two or three years.

### Electricity

All in all, power supplies for Austria are furnished mainly by coal, oil, natural gas and hydroelectrical power. Because it is a mountainous country with a dense river network, Austria has become a major producer of electrical power and, along with West Germany and Switzerland, is one of the major electrically exporters in Europe. The network of hydroelectrical power stations

now in development is expected to help keep the import demand to an acceptable limit.

But the increasing demand for energy, another official said, is such that even the construction program for hydroelectrical power stations cannot keep pace with it. He pointed out that Austria must import two-thirds of

its needed crude oil at an annual cost of some \$600 million. Also he feels that import demand will grow and crude oil prices will prospecting and investments there. An important segment of the Austrian oil production is the Schwebach refinery, about ten miles east of Vienna. It not only handles about two million tons of crude produced annually in the

country but also the oil pumped along the Adriatic-Vienna pipeline from the port of Trieste. The annual amount pumped from Trieste averages more than seven million tons. The Schwebach refinery, certainly one of the largest inland refineries in Europe, is being gradually expanded to handle a capacity of more than

14 million tons. The natural gas that is drilled here is piped to local factories and power stations as well as to industrial centers in other parts of the country.

One official knowledgeable on energy said that Austria's needs in the future will become more dependent on imports and that the current two-thirds figure will

climb to 80 per cent in the near future. Therefore, he said, the country must do everything to conserve energy resources. In view of the adverse outlook for crude oil, Austria will have to look for new resources, he said.

The same official stressed the importance of putting the Zwentendorf nuclear power station,

which is now nearing completion, into operation as soon as possible. He pointed out that the plant would be able to produce per year some 4.1 billion KWh, or about 15 per cent of the needed electricity. He said that it would relieve some of Austria's import concern and also curb depletion of reserves.

## World Slump and Growing Foreign Competition Trouble Steel

**V**IENNA (IHT).—Steel and manufacturing will probably find 1978 a difficult year to get through.

Caught up in the worldwide steel slump and faced with growing foreign competition in certain branches both at home and abroad, Austria's steelmen—from the management level down to the workers—have begun some belt-tightening to try to prevent

further losses and to rationalize production and product development.

Statistics for the third quarter of 1978 show that total production in the steel sector was down 13.6 per cent compared to the same period of 1976. Production in the metalworks was down 17 per cent and in the foundries 4.2 per cent.

At the same time, employment

in the steel sector stayed about the same, while unit labor costs climbed and productivity declined.

Crude steel production, mostly accounted for by VOEST-Alpine AG in Linz, which belongs to the nationalized holding company, the Austrian Industrial Administration Company (OeLAG), had dropped more than 9 per cent during the first three quarters of last year to less than three million tons.

VOEST's turnover last year dropped an estimated \$50 million below the 1976 level, to about \$1.6 billion, due mostly to a 5.4-per-cent fall in exports.

As Austria's largest employer, VOEST has maintained the payroll at about 43,000 despite lagging sales and production. But recently more than a third of the workers were put on shifts, reducing their working time by up to 20 per cent.

The special steels subsidiary of VOEST, the Vereinigte Edelstahlwerke (VEW) also had a difficult year. Although it managed to increase its turnover slightly to about \$50 million, including expertise from Austrian technicians, these countries have developed their own chemical industries.

It is estimated that when all the figures are in, the Austrian chemical industry will show an increased production tonnage rate for 1977 from five to six per cent while the monetary value for the same period will be a hike of about 3 per cent. Nevertheless, the rising wage rates and cost of labor in this country will counteract gains in terms of actual value.

Because of the huge investment costs and the vast capacity that is necessary for the chemical industry, the Austrian enterprises are striving more than ever these days to sell most of their products abroad. But the maintaining of the hard selling by the government is making this aim a very difficult one. Most officials here feel that the first quarter or half of 1978 will hold the key to whether or not the Austrian chemical industry will be moving forward.—E. E.

process for producing high temperature-resistant sintered metals.

VOEST and VEW are also embarked on a program to restructure production with investments amounting to more than \$1.3 billion. The main thrust of the program is to have the individual supplier factories, most of which are located in the province of Styria, specialize in only a few product areas.

Together with such nationalized firms as the machinery producer Simmering-Gras-Pauker (SGP) and the electrical equipment manufacturer Eltin-Union, and such private companies as Wagner-Birn, J. M. Voith AG, and the automobile manufacturer Steyr-Daimler-Puch AG, Austria's steel industry has been able to win important contracts in the Middle East and Africa.

—D. S.

## Decline of Mining a Real Problem

**V**IENNA (IHT).—Mining is a declining industry and is one of the real problems of the industrial sector in this small mountainous country whose geological formations have been yielding iron and other metals and valuable minerals for hundreds of years. But the times have caught up with the industry here. It has been going downhill since the early sixties.

In 1976, the overall mining output amounted in value to about \$400 million, which meant that the industry had accounted for about 5.4 per cent of the total Austrian industrial volume of production. And in 1977, there was another decline in relation to the overall production, sliding to about 5 per cent.

Mining sources say that the pressure of the world situation has been an important contributing factor to the retrogression of the industry. They point out that Austria now imports much of its essential raw materials from less developed states where the labor and overall costs are much cheaper. They stress that it is not a question of declining resources here but one of costs.

Another factor is that mining is a capital-intensive industry. The commercial situation is such that the Austrian companies make too little profit, if any, and so they have very little capital for investment.

The coal mining sector currently is devoted entirely for domestic use. At this time, only lignite (soft brown coal) is being produced in Austria and is used mainly for the heating of households and only a small segment for thermal power stations. Anthracite (hard coal) has not been mined here for ten years or more and must be imported from other European countries.

One glimmer of hope for the industry has been the opening of a new lignite mine at Voitsdorf, Styria, which officials say will be mainly used for a thermal power station near there.

Meanwhile, the nationalized Voest-Alpine AG in Linz, which plays the major role in Austria's steel enterprises, has concluded a joint-venture agreement with the Massey Coal Company, an affiliate of the St. Joe Mineral Corp. in the U.S., to cover some of its bituminous

coal needs. (The Austrian steel company has ventured a capital investment of some \$3.3 million for an 80-per-cent interest in a coal company located in Virginia that will produce annually about 700,000 tons of bituminous coal.)

The overall annual output of iron ore, magnesite and mineral oil (considered a segment of the mining industry in Austria) has been steadily declining over the past years. For example, only 58,000 tons of magnesite was mined in 1976 compared to some 153,000 tons the previous year. In the same period, the output of iron ore fell to 3,784,000 tons from 3,833,000 tons, and mineral oil declined some 33,000 tons from the 2-million-ton mark in 1975.

However, there was a better trend in the production of zinc and lead, with 418,000 tons mined in 1976 compared to some 380,000 tons for the year before. Also officials here are more optimistic about the mineral oil situation and believe that in the coming years the production will be sizably increased.

—E.R.

# Vienna 1977

Vienna, a city which often appears to visitors to be rather drab, is smartening itself up.

Palaces, museums, churches, theatres and the numerous large middle-class mansions—all witness to a dazzling past—have been given a new and sparkling facade. On the "Ring", the famous avenue encircling the Inner City, there is hardly a building left that has not now been given a face-lift.

The "Kärntner Straße", the "Bond Street" of Vienna, has been turned into a pedestrian area.

Why do we tell you all this? Vienna is currently going through the same process of transformation as some other European cities have already undergone.

Amsterdam, for example, London or Hamburg. Fresh colours, the many small shops, galleries, boutiques and restaurants all serve to rejuvenate daily life in the city.

Cultural experiments, modern theatre, interesting exhibitions.

These are all signs symptomatic of a flourishing economy.

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The "Erste" will be glad to advise on all questions of export and import financing, for we have concentrated especially on financing operations which assist our own clients. As an example, medium term Euro-Credit transactions may be mentioned.

The "Erste" is participating more strongly in "international underwriting" too. Since 1977 we are a member of SWIFT, and so international currency transactions in Austria are now executed in a matter of seconds: Through the "Erste".

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## Summer of Discontent for Tourist Trade

VIENNA (UPI)—With the Alps for skiers and hikers, majestic places for sightseeing and no small amount of wine drinking and accordion music for everybody, Austria has long been able to count on tourists spending enough foreign currency here to balance its foreign trade figures.

Last year, the magic formula didn't work. Foreign visitors spent fewer nights in Austria—overnight stays are the ones that get into the statistics—and the country lost part of its market share in international tourism. Even though the percentage of decline for foreign tourist overnights and for the increase of overnights by Austrian tourists was about the same—4 per cent—it "did not fully compensate for the setback in foreign tourist travel," the Creditanstalt-Bankverein reported in January.

Why did the Alps, the palaces and the wine and song so suddenly lose their charm for foreign tourists last summer?

In 1977, according to the Austrian Institute for Economic Research (WIPO), while international tourism in general increased—reflecting the improvement in the world economic situation in 1976—the preference was for vacations in the Mediterranean area. Italy and Portugal had tourist booms. Overnights in Spain and Greece increased above average. WIPO estimates that these four countries experienced a 10-per-cent growth in overnights. Only Yugoslavia did not share in the growth of foreign tourists.

Instead of eating Sachertorte and listening to music, foreign tourists were enjoying spaghetti and fado.

Austria had benefited, according to WIPO, from the decline in tourism in the Mediterranean from 1973 to 1976 because of political unrest, despite the fact that the tourist price level here climbed from 1973 to 1976 by about 20 per cent more than in competing countries. Then, when the Mediterranean made its comeback last year, Austria also suffered by being about 10 per cent more expensive than Switzerland, its main competitor (both countries offer similar tourist attractions). The Swiss had lower price increases and the franc had declined against the dollar.

The change can be dramati-

cally seen among the West Germans. "The Germans are traditionally the biggest national group among foreign tourists in Austria," noted Walter Klement, head of Austrian National Tourist Office in West Germany. WIPO pointed out that from January to August last year, German overnights in Austria decreased by 10 per cent, which was above average. At the same time, Ger-

man overnights in Switzerland soared by 11 per cent. In the summer season alone, German tourists in Austria declined by five per cent.

Because of the loss of value of the French franc and the British pound against the schilling, fewer tourists came from France (—12 per cent) and Great Britain (—25 per cent).

On the other hand, more tour-

ists are visiting Austria from the Benelux countries and the United States.

WIPO estimated that Austria's net income from international tourism declined by 3.5 per cent.

The final statistic for 1977 may be a tiny fraction more positive than in the WIPO report because "we expect the statistics to show December was the best December we've had," said Frank W. Kuebler, business director of the Austrian National Tourist Office in Vienna. "In the main ski areas it was a dream."

**Trouble in Summer**

"Basically, summer tourist traffic has not developed like the winter's," he said. "The winter is not our problem, but the summer. We must fight for every percent in the market for summer tourists."

Hans Mikulicz, head of the tourist organization's research department, noted: "It's interesting that in the summer, the main decline is for lower-priced pensions but it is not so bad for the A and B category hotels."

Mr. Mikulicz explained that one cause of this was the fact that 15 million people are unemployed in Europe. "They are mostly from the lower classes, the people who go to the lower-priced pensions," he said. "When they lose their jobs, they drop out as travelers."

Because milk deliveries totaled 2.27 million tons, which was about 25 per cent more than domestic demand, the government and farmers paid \$70-plus million last year to finance exports.

Under a new system recently proposed by the ministry, farmers would receive about 24 cents for milk deliveries up to 110 per cent of the domestic demand of 1976. The system would curb milk production because farmers would actually receive full prices for between 80 and 90 per cent of their total deliveries last year.

Neither Mr. Kuebler nor Mr. Mikulicz place much faith in forecasts.

"In the travel field especially, I don't have a good opinion of prognoses, although the trade minister must make one. Theoretical prognoses are of little practical value," Mr. Mikulicz said.

But he does recall one made by Stephan Schulmeister of WIPO in 1975: tourism in Austria will develop more favorably than the other branches of industry.

The second problem is that overproduction has led to steadily rising price-support subsidies from the federal government. The Austrian Institute for Economic Research (WIPO) reported that subsidies last year reached nearly \$220 million, much higher than originally planned. The government hopes to reduce price-support subsidies this year by about one-fourth.

At the top of the Ministry of Agriculture's program are financial incentives to farmers to grow less grain and more oil-yielding plants. Austria imports about 95 per cent of its vegetables and seed oils, accounting for about 20 per cent of the agricultural trade deficit.

The goal is to boost the pro-

D. S. —T.O.L.



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## Textiles Hit by Rugged Competition From Low-Cost Countries

**VIENNA (IHT)**—Rugged competition from Far Eastern, less developed and East European countries is not making it any easier these days for the Austrian textile industry. Textile experts say that the high costs for textile raw materials, the absence of long-term orders and the continuing flood of imports from low-pricing nations in the Far

East are still the main problems confronting the industry. Most of these competitive countries with their own raw materials and much cheaper labor—certainly can offer fabrics and ready-made clothes at much lower prices than Austria, where the wage scale has attained the high level of other West European nations.

Officials here are quick to

point out that the instrument of competition from most of the foreign countries is not quality, but rather the low prices they can charge for their products. They believe that the quality and workmanship of Austrian textile products are superior to most of the imported items.

There are 645 firms with about 52,000 employees in the industry here. The three main textile centers are located in the province of Vorarlberg, Austria's most western region and which has borders with West Germany and

Switzerland; the Inn valley in the Tyrol; and Vienna. Vorarlberg is the center for cotton, woven goods and lace while the Inn valley specializes in wool production, and particularly in the internationally popular "Loden" or coarse wool products. Vienna is known as the center for fine worsteds and the more fashion-garbed clothing industry.

At one time, Austria used to export much more textiles than it imported. But since 1975 the situation has reversed. Austria's main export market is West Ger-

many, which is by far the nation's biggest trade partner. Other sizeable export markets are in Switzerland, Great Britain, North African countries and France. But now large countries such as the United States and many others, which used to ignore the Austrian market, are competing for it.

Two major factors that have been harming the progress of the textile industry here are the further increase in competitive pressures from the low-cost countries on the domestic and

export markets and the continuing change in parity rates. The latter factor, coupled with further increases in wages and social costs paid by the employer, has adversely affected the textile industry's competitive position both at home and abroad.

In keeping in line with the Socialist government's hard policy to maintain the low unemployment rate to two per cent or less, some of the larger textile factories have been accepting orders that virtually eliminate the profit margin. Austria's

trade deficits in textiles in the past two or three years have almost doubled.

Another problem is imports from third countries circumventing trade agreements. In order to prevent imports via third nations of products originating from the Far East, the Austrian Trade Ministry has instituted a monitoring procedure, which went into effect last autumn, for several important textile products. The new regulation requires importers of textiles and wearing apparel to submit import

declarations for such products as men's and women's outer wear, stockings, woven fabrics of wool and continuous man-made fibers, terry fabrics and bed and table linens.

After being visaed or endorsed by the Trade Ministry, the import declarations have to be returned to the importers, who present them to the customs officials when the goods are cleared for entry.

These circumvented imports have been stepped up in recent years. They are the side effects of Austria's self-restraint agreements with low-cost states like Hong Kong and Taiwan. Apparently, after Austria had negotiated quotas within the framework of these self-restraint agreements for the import of certain textile products, and after these quotas were filled, some companies started to deliver textile items to such other nations as West Germany, Italy and the Netherlands, that subsequently turned around and re-exported them to Austria with forged certificates of origin.

—E. R.

—E. R.

## Transport: Important Links Are Overburdened

The nationalized railways, which need modernizing, and state-owned trucks are being confronted by growing competition from the private sector. Since 1974, some 70 per cent of the people travel by private cars and by 1980 this figure may climb to 80 per cent. The private trucking sector accounts for 34 per cent of all domestic goods transported, and this percentage will increase.

—E. R.

## Construction Is Healthy

**VIENNA (IHT)**—Austria's construction industry was one area of the economy which showed healthy growth last year, continuing an upward trend begun in 1976 following the steep decline during the 1973-75 period.

A report by the Austrian Institute for Economic Research (WIFO) showed that after a real growth of two per cent registered by the construction industry in 1976, real production in 1977 is expected to show a five-per-cent increase.

More than anything else, a special 50-per-cent depreciation allowance for business construction projects began after Dec. 31, 1976, and completed before the end of last year is seen as having provided the main stimulus to the construction industry's growth during the past two years.

Within the construction industry, building construction is in a somewhat stronger position than civil engineering construction, according to the WIFO report.

The outlook for the construction industry in 1978 is mixed. The Ministry for Construction estimates that turnover in the industry will be around \$3.3 billion, which would be an increase of eight per cent over the current level.

But builders organized under the Federation of Industrial Construction Companies of Austria (VIBOE) with a membership of 45 firms point out that only about a third of the turnover would be in actual construction.

The construction industry will also get some help from the government's recently announced "immediate construction program" providing federal construction contracts amounting to some \$1.5 billion.

—D. S.

## AUA: A Pioneer in Air History

**VIENNA (IHT)**—Known over the centuries as a crossroads for East-West trade, Austria is still an effective bridge between these two areas. A small, mountainous country, nevertheless, it has managed to create a dense transportation network that extends to its

most remote regions. Its Alpine passes provide important links for northern and southern Europe.

Over the years, trade has become heavier between the Western industrialized countries, East Europe and the Middle East. Austria finds its roads, highways

and streets, and especially in the summer, overburdened with domestic and foreign carriers. Officials say that to keep up with this trend, the country will have to build up an infrastructure and huge investments will have to be made to develop it.

The government has already devised a plan to ease the financial burden. For the first time, Austria is planning a special truck tax. Likely to go into effect in mid-year, the tax will apply to foreign and domestic trucks. However, the foreign carriers will have to pay a much higher tax than the domestic trucks. It is believed that the tax will amount to about \$6.50 for every 2,000 pounds of goods carried about six miles.

Some here fear a backlash. Other countries which do not have such a regulation will likely reciprocate with a tax on Austrian carriers.

Currently, there are about three million registered vehicles in Austria and some 450 miles of highway that the government plans to triple over the coming years. The railways are nationalized and cover about 3,500 miles. There are also some 24 special mountain railways. The navigable Danube forms the biggest part—total about 500 miles. Some 216 miles of the waterways can be used by motor or steam craft. The Danube is an important link for both West Germany and Austria with East European countries.

Reaching for bigness caused Austrian Airlines trouble at the end of the sixties. In 1968, it was in the red. People lost their jobs, routes were canceled—including the one to New York with Sabena and almost all domestic flights—and the airline switched to a new plane, the DC-8.

Thanks to Austria's neutral status, its airline was able to pioneer routes to Eastern Europe in 1958, despite the Cold War. AUA has also built routes in the Middle East and Scandinavia as well as throughout Western Europe.

In 1973, it flew 706,611 passengers, more than a million in 1976 and 1,137,000 last year.

—T. C. L.

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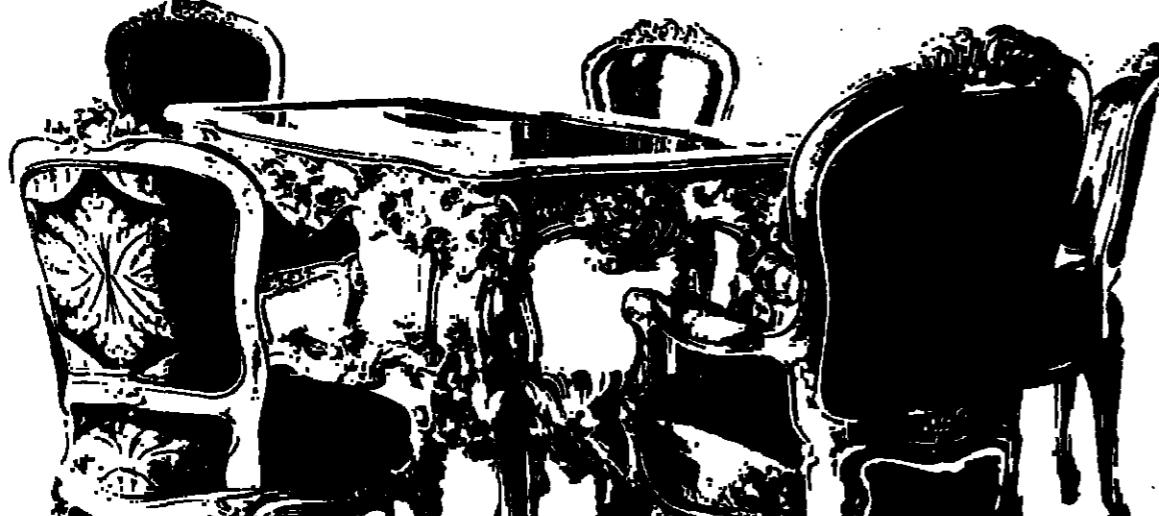
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## Social Welfare Benefits Include Labor-Management Cooperation

**VIENNA (IHT)**—Austria's social welfare system is probably one of the most comprehensive among Western countries, touching all aspects of the citizen's lives at home and at work. The Austrians are proud of the system, which is the creation of more than a century of struggle between workers and the upper classes. Today, social welfare is universally accepted as an integral part of postwar Austria, carried out by the Ministry for Social Administration but determined in the main by the social partners—labor and industry.

The federal budget of Austria shows what role social welfare has in Austria's social-economic structure. Social welfare and health expenditures in 1978 will be about \$4.5 billion, or more than 26 per cent of the total budget.

Describing the social welfare

system as a "from the cradle to the grave" program may not be inaccurate, but such stereotypical terminology does injustice to the fact that the Austrians, a socially and technically cohesive people, pay for the program themselves.

### The Family

The social welfare benefits which every Austrian is eligible to receive start with the family. For example, young couples getting married receive about \$1,000 from the government. To encourage proper medical care before and after the first child is born, the government pays an additional \$1,000 up through the first year.

At the same time, a couple receives child support amounting to nearly \$60 a month for one child (compared to about \$20 a month in neighboring West Germany), more than \$120 monthly

for two children, \$150 for three children and about \$65 a month for each additional child up through the age of 18, or through the age of 21 if a child continues with vocational or university education.

Educational benefits for children include free books, health check-ups and immunization and vaccinations. Later on, university students receive stipends in addition to virtually free tuition at Austrian universities.

The current enrollment in Austria's 12 universities and fine arts academies is around 100,000, which is some 80 per cent more than were enrolled in 1969.

In the field of health, most Austrians receive free medical treatment under a national health care program, including dental care, hospitalization, sick pay for up to 26 weeks at half-salary and other benefits.

The range of other social benefits includes helping to finance

workers' further education, unemployment compensation, accident insurance, and old-age pensions.

Although the most costly, old-age pensions are also the most accepted by the Austrians. A recent survey showed 53 per cent of the people were against measures to cut old-age benefits.

In 1976, more than \$3 billion in pensions were paid to about 1.5 million persons.

Pensions are mainly financed

by workers and employers, who beginning Jan. 1 had to increase their contributions from 17.5 per cent to 18.5 per cent of wages (about 9 per cent from the workers' salaries and 10.5 per cent paid by employers).

By comparison, payments for old-age pensions in West Germany amount to 18 per cent of wages, in Switzerland 10 per cent and the United States about 5 per cent.

In all, the average Austrian

wage earner pays roughly 25 per cent of his monthly income to help finance the social welfare system, while employers pay about an additional 80 per cent of wages paid to the workers for social benefits.

The social welfare system is not just a matter of taxes paid and benefits received. It also involves such matters as working conditions, wages and prices and employment policies, which are worked out between employers, the trade unions and the federal government under the auspices of a parity commission.

In the past, the social partners—employers and workers—have tended toward stability and the willingness to compromise.

The best example of this

occurred recently when the management of the troubled Vereinigte Edelstahlwerke (VEW) wanted to cut its payroll by some 2,000 jobs. Talks with the workers resulted in no layoffs, but a reduction of overtime pay, ten days of unpaid vacation and other measures which may mean an effective 4-per-cent decrease in the workers' earnings.

Such emphasis on stability in wages and employment has given Austria one of the best records for strikes beginning in the days of the First Republic, "but it was the Republic that went to ruin."

—U.S.

## Leader Among Neutrals

(Continued from Page 1)  
into account if the political system is to be properly assessed. For instance, the influence of various organizations within the provinces, the provincial governments and the churches, as well as the threat of potential plotters, act as a permanent corrective to any abuse of power by a single person.

Chancellor Kreisky has mastered the art of balancing his cabinet so skillfully—with party leaders, non-party specialists and federalists of both sexes, young and old—that it is difficult to fault him. (Although he did, at one early stage, inadvertently admit an ex-Nazi to a ministerial appointment—quickly snatched—and had some awkward parliamentary questions to answer that year when a defense minister was spotted infringing the Neutrality Act and was subsequently fired.)

For all these shortcomings, Austria has nevertheless chalked up an enviable record of social peace and political stability. Not for nothing has Kreisky been described by a conservative biographer as a "Social Democrat without dogma."

### OPEC

It is precisely this political stability—some would say lethargy—that has made Austria so suitable as a base for international organizations. The Organization of Petroleum Exporting Countries (OPEC), may have mixed feelings about the location of its headquarters in Vienna following the terrorist attack of December, 1972 (which could equally well have happened elsewhere). But the International Institute for Applied Systems Analysis (IIASA), situated at Laxenburg, just outside the capital, has been ecstatic in its praise of Austria for aiding it to fulfill its role as an intellectual bridge between East and West.

Also here are such United Nations bodies as the International Atomic Energy Agency (responsible for Non-Proliferation Treaty safeguards) and the Industrial Development Organization. Both will be moving into new permanent quarters in 1979, in the vast International Office and Conference Center on the left bank

of the Danube. Vienna will then pride itself, rightly or wrongly, on being the third UN city, after New York and Geneva.

### Human Rights

Certainly Austria's commitment to human rights will be documented when a big Unesco conference is held in Vienna to mark the 20th anniversary of the UN Charter of Human Rights. True, Austria has come in for some criticism over its handling of rights for ethnic minorities, but that fades when one remembers the assistance in finding asylum it has given, from 1968 onwards, to hundreds of thousands of refugees from Eastern Europe, as well as to almost daily contingents of Soviet Jews emigrating via Vienna, to the West. (Although Mr. Kreisky gave in to an Arab terrorist demand in 1973 by closing a transit camp run by the Jewish Agency, an alternative site was soon set up under Austrian control.)

For all its supposedly inward-looking policy—and the average Austrian citizen hardly thinks of himself as being a world citizen—Austria still manages to play a leading role among neutral and non-aligned countries, for instance within the framework of the Conference on Security and Cooperation in Europe. Great hope has been pinned on the acceptance and implementation of the principles laid down in the 1975 Helsinki Final Act, perhaps because Foreign Minister Willibald Pahr put it, "Tolerance is the leitmotif of Austrian policy."

The fashionable word being used in government handouts to describe the present state of Austrian society is "pluralistic," meaning, apparently, that everybody can have a say in running a decidedly mixed society. It may not be the whole truth, but an element of pluralism can certainly account for the fact that Austria is, on the whole, doing so well in keeping abreast of international developments and in making its voice heard and respected in world councils. Only a generation ago there were genuine doubts whether Austria would survive as a separate entity, let alone prosper.

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# Music Turns Whole Country Into One Large Performing Arts Center

By David Stevens

**VIENNA (UPI).**—More than by any other means, it is through music that Austria presents itself to the world and attracts the world to its doors.

If Vienna still considers itself "Europe's music capital" and Austria presents itself as the "land of music," this is historical fact that weighs heavily in Austrian life today. Vienna and the provincial capitals maintain a busy, typically central European musical life that in the summer accelerates to the point that the whole country seems to be one large center of performing arts. This is carried to the rest of the world through tours, films, broadcasts and recordings. For Austria, music is big business.

The historical debt is immense. The repertoires of the world's symphony orchestras and opera houses would be all but unrecognizable today if it were not for the classical, romantic and post-romantic music that came from Vienna.

In little more than half a century, Haydn, Mozart, Beethoven, Schubert and their lesser colleagues produced the entire body of classical music, most of it from Vienna or within its cultural orbit. The late 19th century brought Brahms, Bruckner, Mahler and Hugo Wolf, leading virtually without a break to the New Vienna School of Arnold Schoenberg, Alban Berg and Anton Webern, and his extensive influence on post-World War II composers.

## Strasse Dynasty

Vienna also means the elder and younger Johann Strauss and their dynasty, who transformed the lowly courtly dances into the Viennese waltz and created the Viennese operetta. The Wiener Saengerkaben—the Vienna Boys' Choir—are not only musical ambassadors to the world, but as part of the Hofkapelle, which supplies music for the Sunday masses in the former imperial chapel, they represent a five-century-old musical tradition.

A night out in Grusling might include Schreinemusic, played by a uniquely Viennese quartet of two violins, guitar and accordion, or music by one of the ubiquitous zither-players made



Herbert von Karajan in Salzburg.

famous in the film "The Third Man."

Salzburg (actually not incorporated in Austria until Napoleonic times) was the site of the first opera performed north of the Alps (1617) and, of course, the birthplace of Mozart. It also gave the world the Christmas hymn "Silent Night, Holy Night," co-authored by a parish priest and church organist in the Salzburg countryside, and the Trapp Family Singers, celebrated in "The Sound of Music."

If Vienna's, and Austria's, musical life today is too conservative to put it in the forefront of European musical life, at least it has much to conserve. The emphasis is on performance and performers, and the state takes a large financial hand in supporting such institutions as the Vien-

na State Opera, the Vienna Philharmonic and the Salzburg Festival. About \$14.5 million is earmarked for music in the 1978 national budget, but this gives only a hint of the state's role in promoting music. It does not, for instance, include the four national theaters in Vienna—the State Opera, the Volksoper, and the Burgtheater's two houses—with an annual budget of about \$66.7 million, about 80 per cent financed by the state. This cost the taxpayer \$22.7 million (in 1976) for the State Opera alone, although top prices are now up to \$80 a seat for certain performances.

## Affection

But there is more than tax money behind the affection of the Viennese for their opera. Its problems, intrigues and scandals

are almost daily material for the city's newspapers, and they are followed by Viennese who rarely if ever set foot in the place.

The State Opera's pride of place is reflected in the monumental building on the Ringstrasse that it has occupied since 1869, except for the decades following several direct hits it took during an Allied air raid on March 12, 1945. During that period, the company played in the Theater am der Wien, while top priority was given to rebuilding the house on the Ring—the stage with the most modern equipment, the 1,600-seat auditorium in its imperial white-and-gold splendor. It was reopened on Nov. 5, 1955, with a performance of Beethoven's "Fidelio" that was carried to crowds in the street by loudspeaker and around the world by radio.

The State Opera has had its glorious eras and its chaotic ones. Among the former were Gustav Mahler's period as director at the turn of the century, the 1920s under Richard Strauss, the immediate postwar period under Josef Krips when towns to other European capitals again exported Vienna's Mozart style, and most recently the directorial era of Herbert von Karajan (1957-64), who shook the dust of Vienna from his feet for 13 years, but has remained Austria's dominant musical personality from his platform in Salzburg.

Vienna's second opera house, the Volksoper, outside the city center, offers opera at more accessible prices, explores areas of the repertoire not found at the State Opera, particularly operetta, and was one of the first European opera houses to import the American musical. The Komödienoper offers small-scale recitals with young singers in a small downtown theater and in the summer in Schoenbrunn Palace.

The 150 members of the State Opera orchestra are civil servants, but in private life they are also independent members of the "Philharmonic Republic"—the Vienna Philharmonic—which began its independent concert activity in 1842 and gives 10 pairs of subscription concerts in Vienna each season, in addition to festivals and tours. The bulk of Vienna's concert life is sustained by the city's "second orchestra," the Vienna Symphony, jointly sup-

ported by the state and the city. In the province's principal opera, orchestra and music conservatory activities are maintained in Linz, Graz, Salzburg and Innsbruck; but it is during the summer festival season that the provinces take over from the capital.

The Salzburg Festival, founded in 1920 by a group that included

Max Reinhardt, Hugo von Hofmannsthal and Richard Strauss is arguably the granddaddy of the modern European music festival. It is Austria's prestige summer attraction, with costly productions and top performers, the lion's share of state support (\$1.7 million in 1976), and stunning prices (up to \$120 a seat this year for operas)—although \$3.30 will still

get a seat for the more modest concerts. Karajan is not only one of the directors of the summer festival, but also is the founder and chief performer—with his Berlin Philharmonic Orchestra of Salzburg's Easter and Whitsun festivals. An all-Mozart week in January completes Salzburg's festival offerings.

Elsewhere, the Vienna Festival

Weeks (May-June) are a high point in the capital's season, summoning a special effort from the city's theaters and concert organizations. Bregenz (late July-August) has interesting programs and modest prices on the banks of the Woerthersee, and Styrian Autumn (October, in Graz) is devoted to all aspects of contemporary art.

## The Theater Shows Signs of New Life

By Alan Levy

**VIENNA (UPI).**—The Josefstadt theatrical quarter has come alive and aglow this winter with a flicker faintly recalling the ferment of Max Reinhardt's heyday.

Reinhardt's old—and, in recent years, grayly eminent—Theater in der Josefstadt witnessed the return of a prodigal daughter when Krista Stadler, 35, came home in a stunning revival of Odon von Horvath's "Faith, Love, Hope."

After some success in Vienna's smaller German-language theaters, Miss Stadler left Austria for Switzerland and Germany more than a decade ago because "it's not good for young artists to stay here. That's why so many of the good actors in Germany are Austrian. I know how to act, but I didn't learn how to work until I went abroad. Here it was too 'schlamperig' (sloppy), with good actors and directors giving less than their best."

Miss Stadler attributes some of this "schlamperei," oddly enough, to generous government subsidies to the arts—enabling Vienna to offer more live cultural entertainment any night of the week than New York or London. Aside from the East European nations, which attach ideological strings, no other country in the world does more per capita for its arts than Austria. Some theatrical subsidies run as high as 80 per cent of annual budget, which, in Krista's opinion, encourages genuine talents to "coast on their contracts."

She felt herself "getting away" in 1969, when she was "playing boulevard comedy in my sleep in Munich for 4,000 deutsche marks (then worth about \$1,000) a month," so she dropped out

into the counter-cultural scene for three difficult years before working her way back into the limelight with small progressive theaters in Vienna and West Berlin.

Vienna's English Theatre's esteem was built painstakingly upon 15 years of hard work and ruthless professionalism. Founded in 1963 by American actress Ruth Brinkmann and her Austrian director husband, Franz Schafarnek, it sold itself—first to a small but devoted public, then to the Austrian schools—as a forum for British and American plays originally performed by professionals whose mother tongue is English.

Out of this came a series of successes leading to a municipal subsidy in 1966, a federal subsidy not long after (though total subsidy has never exceeded 20 per cent) and, in 1974, a permanent home on Josefsplatz: a 250-seat turn-of-the-century neo-baroque jewel box that was adapted to modern technology at a cost of more than \$250,000.

Since then, Vienna's English Theatre has had a Tennessee Williams world premiere (Keith Baxter and Ruth Brinkmann in "The Red Devil Battery Sign"), for which the playwright spent much of ten weeks working closely with director Schafarnek, and a couple of Continental premieres without ever relaxing the standards that have made it the only theater of its kind on the Continent of Europe.

Just outside the Josefstadt, Vienna's two national theaters—the Burgtheater, once an inviolable fortress and more recently a musty museum of German classical drama, and the smaller Akademietheater—are showing signs of revitalization under their new chief, actor Achim Benning. A few foreign breezes have helped

derwasser, commutes between Venice and New Zealand; Lisette Hoehn, whose urban naïf's delight the child in all of us, lives in Venice but exhibits in Vienna's Galerie Wuerth; and the greatest of them all, Oskar Kokoschka, who just turned 92, lives in Villeneuve, Switzerland. "Mr. O.K." has recently gone back to portraits and etchings after a bout with giant crucifixions and retains his affiliation with the Galerie Welt in Salzburg.

Peter Kellach, 43, who paints lovely 18th-century baroque orientalist scenes in the woods of Lower Austria with his Japanese wife when he isn't away in quest of jet-age inspiration.

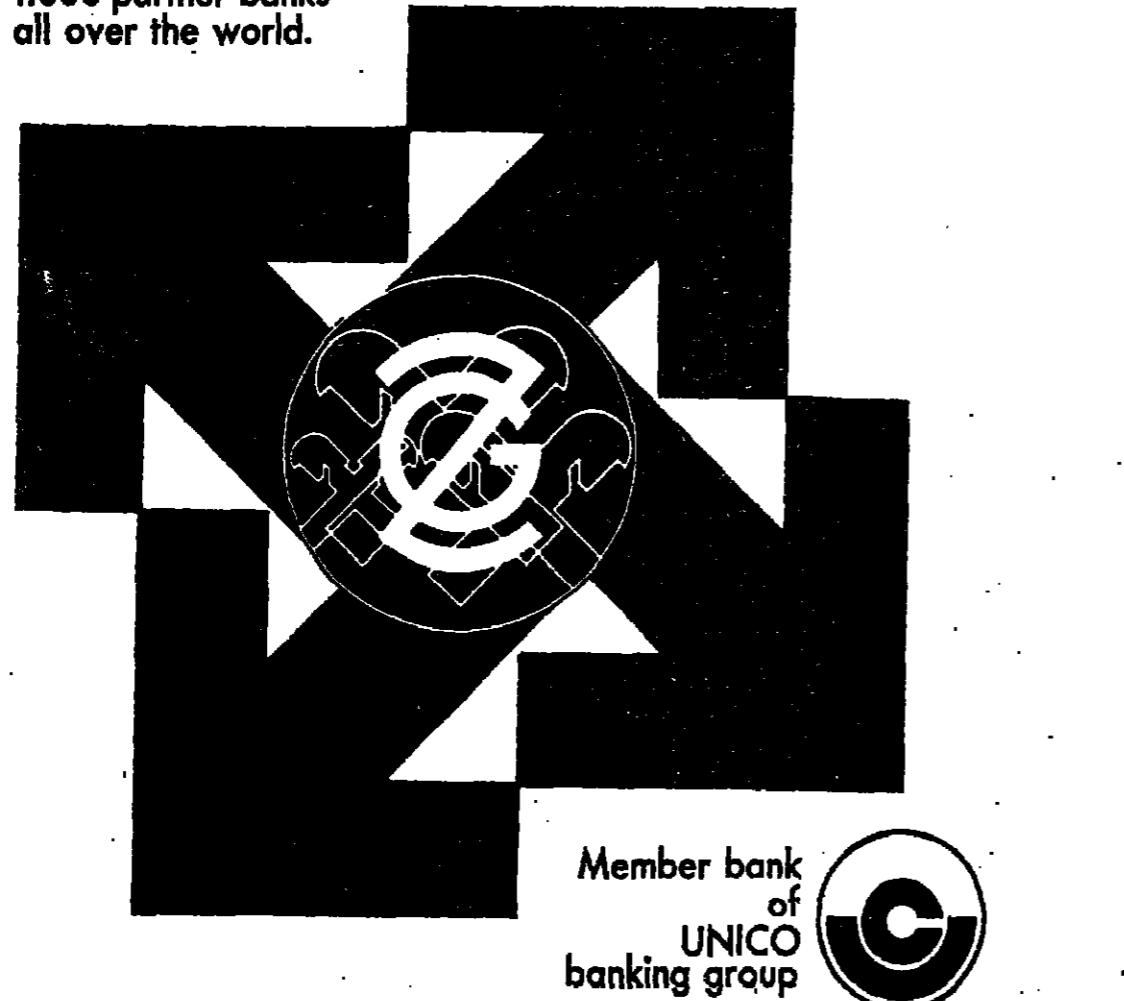
In Vienna, the School of Fantastic Realists is now so institutionalized that with the amusing and colorful exception of Arlik Brainer, 48, its best-known practitioners are all wealthy men with professorships and status symbols and a very little prospect of or desire for further artistic growth. Rudolf Hausner goes on drawing variations of his "Adam" as though he were the last as well as first man on earth.

Anton Lehmden's still-life landscapes grow stiffer and Wolfgang Hutter's work more ornate and sweet with each passing year—though one of Hutter's pupils, Klaus Karna, who paints almost exclusively with black oil and gold leaf, is displaying symptoms of genius at exhibits around town.

Of all the Fantastic Realists, the one who monopolizes the Viennese limelight the most is the serio-religious Ernst Fuchs, 46, the best graphic artist of the group, who has ventured into stage design in Vienna, Hamburg and Munich with great success and goes about town here in his Rolls-Royce and ubiquitous fax.

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